**Accounts Payable and Corporate Credit Card Policy**

**Purpose:**

These guidelines define authority levels for disbursements of funds for capital expenditures, operating expenses, and address employees’ use of credit cards issued in the name of Michigan Legacy Credit Union for Credit Union expenditures and expenses. The Board of Directors must pre-approve all such corporate cardholders.

**Capital Expenditures**

The Board of Directors will approve the capital expenditure and operating expense budget, at least annually. Capital expenditures will include 1) buildings and improvements, 2) furniture & equipment, and 3) software. Each new capital expenditure estimated to cost in excess of $5,000 should be itemized in the budget.

The CEO or COO shall have the authority to approve the purchase of budgeted capital expenditures according to the following guidelines:

* CEO - up to $250,000.00 budgeted expenditure
* COO - up to $100,000.00 budgeted expenditure
* Board of Directors - capital expenditures exceeding $100,000

- All Real Estate acquisitions (regardless of cost)

**Operating Expenses**

The Accounting Department staff shall have the authority to approve invoices related to approved contracts and business services for ongoing and recurring operating expenses, (i.e. utilities, loan servicing, employee benefits, facility maintenance, and other business related expenses).

The Executive Team will review at least annually the accounts payable vendors list, limits and variances for Accounting Department authorization, based on established contracts, limits and variances.

Accounting staff will review each invoice and expenditure and report any variances outside established limitations from month to month, before issuing payment the Accounting Manager will report any questionable invoices or expenses to the CEO or COO prior to issuing payment. ~~A~~

**Non-budgeted Expenses**

The following authorized staff shall have authority to approve expenses according to the following guidelines and with the approval of the CEO or COO:

* Branch/Department Managers – up to $150 per month
* Leadership – up to $2,500 per month
* CEO – up to $50,000 per expense, not to exceed $150,000 per year
* COO – up to $50,000 per expense, not to exceed $150,000 per year

Amounts over per expense guidelines or aggregate yearly totals must be approved by the CEO or COO. Once an aggregate limit is reached, the CEO or COO may review and approve a temporary aggregate limit not to exceed an additional $5,000, per approved increase.

**AUTHORIZED CREDIT CARDS LIMITS**

* CEO and EVPs $10,000.00
* Leadership $ 5,000.00
* Business Development Specialist $ 500.00
* Department Managers $ 250.00

**CORPORATE CREDIT CARD USAGE RULES**

1. Corporate credit cards are to be used for business purposes including but not limited to such expenditures as credit union supplies, branch supplies, training, marketing, equipment purchases, business development purposes, emergency business purposes, travel and meal approved for training, lunches for staff training when preapproved. Any expenditure not listed above or in question should be pre-approved by a member of the Executive Team.
2. Corporate credit cards may not be used for personal expenditures of any kind.
3. No cash advances are permitted – nor cash back on any purchases.
4. All corporate credit cards are credit union property. Authorized cardholders will take the necessary precautions to ensure the card’s safekeeping.
5. A receipt should be provided for all expenditures.  Each receipt should contain explanation of the business purpose of the expense. Whenever a receipt is not available, a Missing Credit Card Receipt Explanation Form must be filled out and submitted with the monthly Credit Card Bill. Confirmation statements, shipping receipts, or similar reports may be used to document telephone or fax orders.
6. Each manager/employee with an approved credit card will have a separate account with the billing address to the credit union. Managers/Employees are responsible for the appropriate record keeping and the reasonableness of expenditures.
   1. Credit cards must have a *detailed* explanation using the text annotation box (i.e. food – list all parties, assets – life expectancy and branch location). Sticky notes are not to be used for detailed descriptions.
      1. Each staff member is assigned an individual card, and any usage is the responsibility of that card holder.
      2. Individual folders are established in the optical system for receipt and documentation purposes. Each card holder must sign the credit card statement indicating the charges are true and for business purposes.
         1. Gas receipts are not required for individuals assigned a specific corporate vehicle
         2. If the card is used for a vehicle other than assigned the vehicle model must be documented on the receipt.
         3. All receipts for meals and/or entertainment must be documented with the persons participating and the reason for the expense.
         4. Credit Card bills and receipts pertaining to the current bill will be provided to Accounting via the credit union imaging system no later than the third business day of each month for all charges related to the previous month.
         5. It is the responsibility of the cardholder to document all receipts for the business purpose of the expense.

*RESPONSIBILITIES*

* The CEO or COO will approve expenses by direct reports included on their respective credit card accounts as authorized users.
* The CEO will review all corporate credit card purchases made by the Management Team of MLCU and the VP of Internal Audit will review the credit card statements and receipts of the CEO. The VP of Internal Audit and/or CEO will report any inappropriate purchases/activity to the Board.
* It is the responsibility of the cardholder to immediately report if the card has been lost/stolen or comprised.

*Each cardholder must read and sign below, acknowledging their understanding of the above credit card usage rules and agreeing to adhere to this policy.  The* disclosure is as follows: *As a condition of the issuance of this credit card and the granting of such responsibility, I agree that I will use this account only for bona fide, acceptable business purposes related to Michigan Legacy Credit Union and that I will not use this account for personal purposes.  I understand that I must submit corporate card receipts by the third business day after month end (i.e. all receipts for January but be scanned in by the third business day in February).  I also understand that failure to abide by the corporate credit card policy can result in disciplinary action up to and including termination of employment.  I further agree to immediately return the card to Michigan Legacy Credit Union upon termination of my employment and must make restitution to the credit union, if deemed necessary, for whatever reason.*

Cardholder \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_Position/Title\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Date \_\_\_\_\_\_\_\_\_

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Date:** | **Description:** | **Creator**  **Initials** | **Management**  **Initials** | **Board Approved Date** | **Review Date** |
| 11/2/2011 | Expense Approval and Authority Guidelines | GW | GW | 06/28/2011 |  |
| 8/20/2013 | Review Only | GW | GW |  | 8/20/2013 |
| 2/18/2014 | Combine Corporate Card and Expense Authority | CSP |  | 2/18/14 |  |
| 4/15/14 | Add DIFS Letter as Appendix | CSP |  | 4/15/14 |  |
| 11/11/14 | Review and update | CSP | CSP | 11/18/14 | 11/11/14 |
| 10/6/15 | Review and update | CSP | CSP | 10/20/15 |  |
| 11/10/15 | Add Credit Card Users | CSP | CSP | 11/17/15 |  |
| 1/1/2017 | Modify for Internal Audit | CSP | CSP | 1/17/17 |  |
| 2/21/17 | Modify Title | CSP | CSP | 2/21/17 | 2/2018 |
| 7/6/17 | Modify Card Access |  | CSP | 7/18/17 | 7/2018 |
| 6/18/18 | Procedure modification |  | CSP | n/a | 6/18/18 |
| 11/20/18 | Review and Update |  | CSP | 11/20/18 | 11/20/19 |
| 8/27/19 | Review and update |  | CSP | 8/27/19 | 8/2020 |
| 6/20/2020 | Review and update |  | CSP | 6/23/2020 | 6/2021 |

**Appendix A**

### Bulletin No. 2005-10-CU

**In the matter of Reimbursement of Officials' Travel and Other Expenses**

Issued and entered this 10th day of June 2005

By Linda A. Watters, Commissioner

This bulletin supersedes Bulletin 91-1.

The purpose of this bulletin is to address safety and soundness issues related to the expenses of credit union officials. Several credit unions have asked the Commissioner to clarify her position regarding expense reimbursement for credit union officials and possibly members of their families, when the official is attending credit union business or educational functions.

Section 342(6) of the Michigan Credit Union Act, 2003 PA 215, as amended, MCL 490.342(6), states, "An individual elected or appointed to serve as a director, supervisory committee member, or credit committee member of a domestic credit union, or as a member of any other committee that performs significant ongoing functions relating to the ongoing operations of a domestic credit union, shall not receive compensation for his or her service as a board or committee member."

The Commissioner interprets this provision to prohibit a credit union from paying members of its Board of Directors or members of it supervisory or credit committees any type of wages, stipends, or remuneration for attending meetings or otherwise acting in their official capacity.

The Commissioner does not interpret the statute to prohibit a credit union from reimbursing board members for legitimate expenses incurred by the board members while conducting credit union business. Certain travel expenses incurred for bona fide credit union business or training sessions would be legitimate reimbursable items, provided the Board of Directors has adopted a written policy identifying and authorizing such expenditures.

A credit union's written policy for official travel expense reimbursements must:

|  |  |
| --- | --- |
| - | Identify permissible credit union functions where reimbursement is allowed. |
| - | Identify persons eligible for reimbursement. |
| - | Establish maximum limitations on lodging, meals, travel, and other expenses. |
| - | Require proof of cost incurred by requiring receipts for all listed expenditures, and |
| - | Require that all documentation and supporting receipts be maintained for examiner review. |

The Board of Directors should seek appropriate professional counsel regarding tax consequences and reporting requirements. The reimbursement for costs associated with a family member accompanying an official on bona fide credit union business requires special attention by the Board of Directors. No specific authority exists in the Michigan Credit Union Act or Rules for reimbursement of expenses for an official's family members. On the other hand, the membership of the credit union could allow or specifically authorize such reimbursement for expenses of officials' family members. If the Board of Directors, acting on delegated authority, decides to authorize this practice, the Board of Directors is put in the precarious position of appearing to have a "conflict of interest." If a Board of Directors elects to have a policy whereby anyone other than an official receives reimbursement for official expenses, the policy must specifically address this practice, and the policy should be provided to the credit union's membership before being implemented. It is not necessary that the membership vote on the policy, but the membership should be specifically notified of the policy before formal adoption by the Board of Directors in order that comments may be received by the Board of Directors.

OFIS examiners may review written reimbursement policies and the procedure for adoption of the policies during the course of the regular examination. Examiners may also review the documentation supporting specific reimbursements.

Reimbursement for an official's actual lost wages when conducting credit union business would also be allowable. Reimbursement should be limited to actual lost wages. Authorization, documentation requirements, and procedures for payment of lost wages must be contained in written policies adopted by the Board of Directors.

A credit union may provide reasonable health, accident, and related types of personal insurance protection covering officials at the expense of the credit union. Such insurance coverage must exclude life insurance and must be limited to areas of risk, including accidental death and dismemberment, to which the official is exposed by reason of carrying out the duties or responsibilities of the official's credit union position. All credit union paid insurance must cease immediately upon the insured person's leaving office, without providing residual benefits other than for pending claims.

The Board of Directors must consider the credit union's financial condition when determining whether to provide officials with reimbursements. Those expenses, if paid, must be included in a credit union's annual budget and be paid only if a credit union has adequate operating income and capital.

Any questions regarding this bulletin should be directed to:

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Signed: Linda A. Watters  
Commissioner of Financial and Insurance Services