
Policy 3001: Excessive or Luxury Expenditures Policy

Board approval: 9/22/2022

Excessive or Luxury Expenditures Policy

A. Purpose

The purpose of this policy is to establish parameters and internal controls governing the expenditures of One Detroit Credit Union (referred to hereafter as the Credit Union). Expenditures of the Credit Union should be customary, prudent, consistent with applicable laws and regulations, and reasonably related to the Credit Union'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.

B. Authority

The Credit Union has authority to provide compensation and benefits that are reasonable. This policy establishes a prohibition on expenditures that are excessive or luxury expenditures as required 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.

C. Responsibility

This policy is the responsibility of the Credit Union's 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.

D. Scope

This policy applies to all employees, officers, and directors of the Credit Union with regard to any expenditure of the Credit Union. In making any expenditure on behalf of the Credit Union, employees, officers, and directors should consider whether the expenditure is an excessive or luxury expenditure that is prohibited under this policy. Expenses included in the Board approved annual budget, including, but not limited to off-site planning, Board meetings and member

meetings, are not considered to be excessive or luxury expenditures and are excluded from this policy.

E. 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 Credit Union’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 whereby employees, officers and directors would utilize the Credit Union’s funds for member/business development purposes relating to a current or prospective member or to further enhance the Credit Union’s marketing efforts. Expenditures for charitable contributions and charitable events are not prohibited under this policy. Entertainment or events expenditures in an amount less than \$500 per instance per individual, as well as expenses included in the Board approved annual budget are exempt from this policy.

(2) *Conferences.* This category includes conferences sponsored by vendors, banking associations, or other industry related entities. The Credit Union encourages the Board, officers, directors and staff to attend conferences that are appropriate and for educational purposes. Transportation to such events must be reasonable and approved according to the Credit Union’s policies and procedures.

(3) *Office and facility renovations.* This category includes costs for office renovation, including expenditures related to furniture, art, office personalization, interior finishing, design and decoration, and similar expenditures. Office and facility renovation expenditures should be relative to an approved project plan included within the Board approved annual budget with the exception of an emergency related to an active of nature and the expenditure is necessary to continue credit union operations. Under no circumstances should renovations be done that would have the appearance of being extraordinary or excessive from a management or board perspective.

(4) *Transportation services.* (i) This category includes tickets, vehicle reimbursement, 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. All transportation by Credit Union personnel should be conducted in the post cost efficient manner. Private air services are not allowed.

(5) *Other similar items, activities, or events for which the Credit Union may reasonably anticipate incurring expenses or reimbursing an employee for incurring expenses.* This category includes expenses, or reimbursements to an employee for incurring expenses, which are not specifically identified elsewhere in this policy. These expenses shall be for legitimate business

purposes and be reasonable in nature and amount. These items, activities or events shall be approved under the Credit Union's policies and procedures.

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

F. REQUIRED REPORTING

The chief executive officer and/or Board 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.

G. Exceptions or Violations

(1) Any exception or violation of this policy must be promptly reported to the Credit Union's (i) chief executive officer, (ii) officer with primary responsibility for the Credit Union'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 Credit Union 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.

(2) 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 Credit Union's chief compliance officer or compliance group. The Credit Union prohibits retaliation against any employee or officer for making a good faith report of actual or suspected violations of the Credit Union's code of conduct, laws, regulations, or other Credit Union 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 Credit Union's code of conduct.

H. 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 Credit Union's chief executive officer or chief strategy & innovation officer certifying that (i) the Credit Union 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.