
Policy 1211: Excessive or Luxury Expenditures

Revised Date: 9/22/2022
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Board Approved Date: 9/28/2022

Policy Statement

It is the policy of Seattle Credit Union (hereafter, Credit Union) to comply with the Department of the Treasury's Emergency Capital Investment Program (ECIP) and establish parameters and internal controls governing the expenditures of the Credit Union as required by regulation, 31 CFR Part 35.

Authority

The Credit Union has authority to provide compensation and benefits that are reasonable. 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. Expenditures should be customary, prudent, consistent with applicable laws and regulations, and reasonably related to the Credit Union's business objectives and needs. Routine operating expenses, capital expenditures, and other reasonable expenses are not prohibited by this policy.

Scope

This policy applies to all employees, officers, audit committee members and directors of the Credit Union regarding 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.

Responsibility

It is the responsibility of the Board of Directors to ensure compliance with this policy.

The President/CEO or his/her designee will establish processes for the evaluation and approval of expenditures in the five categories listed under the "Excessive or Luxury Expenditures," that are not luxury or excessive expenditures and that are not otherwise exempt from this policy.

The VP of ERM will review or engage independent consultants or auditors to review for compliance, and summary data on excessive or luxury expenditures will be reported to the board, at least annually.

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. Expenditures for charitable contributions and charitable events are not prohibited under this policy. Entertainment or events expenditures in an amount less than \$5,000 per instance, and \$30,000 on an annual aggregate basis per individual, 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 \$1,000 per instance, and \$4,000 on an annual aggregate basis per individual, 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 \$5,000 per instance, and \$35,000 on an annual aggregate basis per individual, are exempt from this policy.
4. Tax gross-ups. This category includes any reimbursement of taxes owed with respect to any compensation. This category does not apply to tax equalization agreements for employees subject to tax from a non-U.S. jurisdiction.

5. Other similar items, activities, or events for which the Credit Union may reasonably anticipate incurring expenses or reimbursing an employee for incurring expenses. Expenditures related to other items not listed in the preceding categories are exempt from this policy in an amount less than \$10,000 per instance, and together with all expenditures permitted under this policy, may not exceed \$20,000 on an annual aggregate basis, per individual.

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.

Exceptions or Violations

If an employee is aware of any exception or violation of this policy, the employee must be promptly report to their manager or use the Credit Union's anonymous online reporting channel.

Certification

On an annual basis, the VP of ERM will deliver to the Department of the Treasury a compliance certification, executed by two executive officers, as required by 31 CFR 35.24.