

2018

Volunteer Travel & Expense Reimbursement Policy

The Purpose of this Policy is to implement a System of Internal Control within the Community Credit Union of Florida that shall result in a stable, healthy and competitive CCU for all its stakeholders.



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PURPOSE STATEMENT

The purpose of this policy is to control travel to and from professional meetings and educational sessions as defined by this policy.

RISK CATEGORIES

- Transaction risk occurs when internal controls do not sufficiently deter or detect errors, omissions, or material misstatements.
- Compliance risk occurs when the credit union fails to adhere to applicable laws and regulations.

SAFETY AND SOUNDNESS STANDARD AND ASSOCIATED RISK

Standard	Risk
The board should establish control activities encompassing policies and procedures to ensure that directives are achieved.	The lack of control activities may prevent the realization of the organization's objectives.

UNDERSTANDING OF THIS POLICY

It is imperative that those executing a control understand what the control is attempting to achieve. Where the purpose and operation of the control is not understood, there is less likelihood that the control shall be effective. Where the Senior Vice President is responsible for executing the control, the Senior Vice President should assess their own level of knowledge regarding the purpose and operation of the control. Where others execute the control activity under the Senior Vice President's supervision, the Senior Vice President should assess their level of knowledge regarding the purpose and operation of the control.

OBJECTIVE

To control cost associated with Board travel.

AUTHORITY AND RESPONSIBILITY

The Board of Directors delegates authority and responsibility to management for developing safe and sound procedures for the control of volunteer travel expenses.

Conferences and seminars are an excellent source of knowledge and information, which may greatly enhance the volunteer's ability to deal with the rapidly changing and complex issues facing credit unions. For this reason, attendance at the expense of CCU at these sessions by the Board of Directors, ALCO and/or Audit Committee is strongly recommended. The Board of

Directors, at its discretion, may approve or disapprove requests to attend any conference or seminar.

In order to balance the expense to the credit union and its members with the benefit derived from such sessions, the Board of Directors of Community Credit Union adopts the following policy:

- Board, ALCO and Audit Committee members are encouraged to select conferences and/or seminars that offer educational opportunities that are necessary for effective performance as policy makers of the credit union.
- Reasonable and necessary expenses directly related or attributable to conducting business on behalf of CCU will be covered. All expenses shall be supported with appropriate documentation or receipts.
- The policy allows for and covers the costs of a travel companion for Board, ALCO or Audit Committee members on official credit union business. All companion expenses must as well be supported with the appropriate documentation or receipts.
- Volunteers are encouraged to consult with their tax advisors as to whether they are required to report any expense or reimbursement as taxable income. Volunteers will be issued a 1099 form if expenses for an immediate family member exceed \$600 in one calendar year.

ALLOWABLE EXPENSES

Travel, Meals and Lodging: The credit union will provide for the travel, meals and lodging expenses of a member of the Board, ALCO or Audit Committee and their companion while he/she is engaged in credit union business. Expenses are to be limited to amounts that are not considered lavish or extravagant under the circumstances. To the extent that the expenses are lavish or extravagant, the business expense will be denied.

Expenses would include reasonable travel costs such as:

- Air, rail or bus transportation
- Expenses for operating and maintaining a car
- Taxi fares or other costs of transportation
- Baggage and porter charges
- Tips and incidental costs associated with travel

Expenses would include reasonable meal and lodging costs such as:

- Food and beverage costs including customary gratuities

- Gratuities for hotel staff including bell staff, valet service and room service
- Reasonable and customary lodging costs
- Laundry services and parking charges

Miscellaneous expenses would include such items as:

- Long distance phone calls connected with credit union business, professional business and calls to one's family
- Professional administrative services provided by the hotel for credit union business
- Charges for credit union programs and/or activities

EXPENSE FORMS

All claims for mileage reimbursement and travel expenses for credit union activities must be listed on the Expense Form with the appropriate information and documentation. The forms should be completed and submitted to the CEO on a monthly basis or as often as needed.

KNOWLEDGE AND CAPABILITY TO EXECUTE THIS POLICY

The design effectiveness of a control is largely dependent on whether the person performing or maintaining the control has the necessary knowledge and capability. Lack of adequate training and supervision may compromise the knowledge and capability necessary to achieve adequate design effectiveness of the control. This evaluation attribute requires the Senior Vice President to consider matters such as the experience, training and supervision of the person responsible for operating the controls, relative to the complexity of the control. Where the Senior Vice President is directly responsible for execution or maintenance of the control, the Senior Vice President shall make the assessment of themselves. Where the control activity is executed by others under the Senior Vice President's supervision, the Senior Vice President should assess their level of training and supervision.

ABILITY TO ENFORCE THIS POLICY

If the person implementing or maintaining the control is responsible for a number of conflicting duties, such that they may have a self-interest in not executing a control, there is an increased risk that the control shall not be properly enforced. Similarly, the person may be under influence of others to not execute the control (for example, a subordinate is responsible for processing expense claims of their supervisor). The Senior Vice President shall assess the extent to which the person responsible for the control, which may be the Senior Vice President, can function with independence and undue influence.

MONITORING COMPLIANCE OF THIS POLICY

Monitoring compliance with a control is a key component in the overall design of the control. Where monitoring procedures over compliance with the control are not incorporated into the

design of the control, the effectiveness of the control cannot be assured. Operation of the control shall be monitored through reporting of exception outcomes, dissemination of control documentation to supervisors or other oversight activity. The Senior Vice President shall assess the extent to which operation of the control is reinforced through monitoring procedures.

EVIDENCE OF THIS POLICY OPERATING

The Senior Vice President shall ensure the control produces evidence that can be subsequently accessed, demonstrating the outcome of the application of the control. For example, an authorization control should generate evidence of who performed the authorization task, when it was undertaken, what exceptions arose and what action was taken in response to those exceptions. Failure to produce evidence of this nature can negate the ability of management to rely on the control for the purpose of the assessment of internal control over financial reporting.

MITIGATION OF THE PRIMARY CAUSE OF THE RISK

The quality of the design of a control is dependent on the degree to which it addresses the cause of the identified risks. For example, a risk of unauthorized access to the network or a critical financial application is driven by the complexity of the user profiles across each department. Therefore it is important that both the business and the IT department are aware of the complexities associated with system user profiles and the potential exposures of the systems based on these profiles and have adequately documented the approved user profiles. The Senior Vice President shall assess the degree to which the control is addressing the primary cause of the risk, in this case the complexity of the user profiles applied.

RISK LIMITS

Travel Limits are set forth in the above sections.

POLICY EXCEPTIONS

There shall not be any exception to this policy.

DOCUMENT CONTROL

QUALITY OF DOCUMENTATION

Documentation of the design of controls that support the implementation of the related safety and soundness standard provides evidence that controls related to management's assessment of the effectiveness of the controls have been identified, are capable of being communicated to those responsible for their performance, and are capable of being monitored by the company. This documentation also provides the foundation for appropriate communication concerning

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responsibilities for performing controls and for the organization's evaluation of and monitoring of the effective operation of controls. Inadequate documentation of the design of controls can itself be a control deficiency. As a result, the Senior Vice President shall consider the nature and quality of documentation relied upon to ensure the control is understood, communicated and capable of being monitored.

Board of Directors Approval			
<u>Approved by the Board of Directors on 5/17/2018</u>			
Date	Name	Role	Signature
5/17/2018	Betty Dunn	Madam Chair	
5/17/2018	Linda Dale	Treasurer/Secretary	

Revision History		
Date	Author, Title	Changes
5/18/2018	Lesli Dooley, SVP	<ul style="list-style-type: none"> Changed references from VP of Organizational Development to Senior Vice President
5/18/2017	Lesli Doley, VP of Organizational Development	No changes
5/19/2016	Lesli Doley, VP of Organizational Development	No changes

Supporting Policies and Control Processes			
Document Title	Author	Description	Revision Date

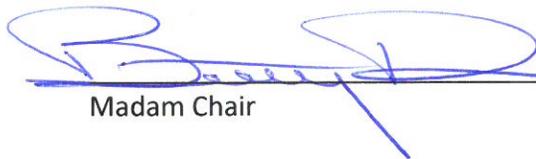
End of the Policy

Volunteer Travel and Expense Reimbursement
Revision

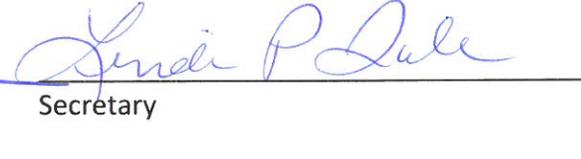
An annual review of this policy has been completed. The following changes are being made to the Volunteer Travel and Expense Reimbursement Policy:

- Changed references from VP of Organizational Development to Senior Vice President

Approved by the Board of Directors on May 17, 2018



Madam Chair



Secretary