



Operating Policies Manual

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Section 100 General

101. Applicability to NASCUS and NISCUE.

Given the fact that the National Institute for State Credit Union Examination (NISCUE) is an affiliate of NASCUS and the NISCUE Board of Trustees is appointed by the NASCUS Chairman, the guidelines contained in the Policies manual apply fully to NISCUE, except where a specific policy for NISCUE has been approved. Accordingly, in all provisions of this manual that are not specific to NISCUE, any reference to NASCUS incorporates NISCUE and its Board of Trustees, as appropriate, by reference.

Section 200 Code of Business and Conflict of Interest

201. Purpose

All covered persons play a role in ensuring that the resources entrusted are protected, preserved, and enhanced. This Section sets forth the fundamental expectations relating to business conduct. This Section is the Board of Directors' statement of the underlying principles by which it expects those with business responsibilities to carry out their duties.

As used in this Section 200, "covered person" includes:

- Members of the NASCUS Board of Directors;
- Members of NASCUS' Credit Union Advisory Council Board;
- Employees of NASCUS; and
- Independent contractors or consultants engaged by NASCUS.

In addition, the provisions of this Section 200 will apply to NISCUE Trustees, employees, and contractors/consultants as fully as if NISCUE was "NASCUS" or the "Association" or the "organization" under this Section 200, and as fully as if NISCUE Trustees were NASCUS Directors.

202. Accountability

Being a covered person requires a commitment to work diligently, to perform assigned duties and to strive to meet the objectives, goals, and mission of the organization. Responsibilities are to be carried out in a manner that promotes and protects the Association's best interest. Covered persons should not use their positions to advance their own personal interests over the Association's. Objectivity in decision-making is a key component in complying with the standard of accountability. Discretion and recognition of the obligation to treat certain information with confidentiality is a responsibility of all covered persons.

203. Compliance with law

Persons acting on behalf of the Association are individually accountable for their own actions and, are collectively accountable for upholding these standards of behavior and for compliance with all applicable laws and policies.

204. Conflict of Interest

The Board of Directors expects all covered persons to exercise good judgment and the highest ethical standards in their private activities outside of NASCUS that in any way could affect NASCUS. In particular, every covered person has an obligation to avoid any activity, agreement, business investment or interest, or other situation that is in conflict with NASCUS's interests or interferes with the duty to serve NASCUS at all time to the

best of the person's ability. To implement this principle and to establish clear guidelines, the following standards have been adopted:

- A. No covered person shall for personal or any other person's gain make use of or disclose confidential information learned as a result of NASCUS employment or attendant duties.
- B. No covered person shall for personal or any other person's gain deprive NASCUS of any opportunity for benefit which is related to any existing or reasonably anticipated future activity of NASCUS.
- C. No covered person shall furnish services to or seek or receive, for personal or any other person's gain, any payment, whether for services or otherwise, loan (except from a credit union), a gift or discount of more than nominal value, or entertainment which goes beyond common courtesies usually associated with accepted business practice, from any business that has current or known prospective dealings with NASCUS as a supplier, customer, lessor or lessee, except with the prior written approval of the President/CEO of NASCUS following complete disclosure of the facts. The President/CEO shall obtain written approval of the Board for any matter involving her/his affairs.
- D. No employee shall have any outside interest that materially interferes with the time or attention the employee should devote to NASCUS.
- E. No covered person shall have a direct or indirect financial interest in, or receive any compensation as a result of, transactions between any individual or business firm:
 - 1. From which NASCUS purchases supplies, materials or property;
 - 2. That renders any service to NASCUS;
 - 3. That enters into leases or assignments to or from NASCUS;
 - 4. To which NASCUS sells any of its facilities or properties valued at more than \$1,000; or
 - 5. That has any other contractual relations or business dealings with NASCUS, except with the prior written approval of the President/CEO following complete disclosure of the facts. These financial interests do not include interests in corporations listed on a national stock exchange or traded over the counter, provided the financial interest is one percent or less of said corporation's outstanding shares.
- F. If any covered person or member of his or her family has or is about to assume an interest or enter into a relationship that might result in a conflict of interest, it is the disclosing party's responsibility immediately to give all pertinent information to the President/CEO who shall report all information to the Board of Directors.

205. Annual Disclosure

In addition to the self-reporting obligation described in Section 205 F, each covered person is annually required to complete and forward a written disclosure of any potential conflicts of interest to the President/CEO. The President/CEO shall forward his/her annual written disclosure of any potential conflicts of interest to the Chairman of the Board.

Section 300. Board of Directors

301. Affirmation of Office/Conflict of Interest Disclosure Statement

A newly elected/appointed member of the Board of Directors shall, before proceeding to discharge the duties of the office, sign and file with the President/CEO an affirmation of office and conflict of interest disclosure statement.

302. Meeting Minutes.

The President/CEO shall be responsible for the preparation and distribution of the minutes of all conducted meetings within fifteen days of the meeting. The Chairman and Secretary shall sign the Board minutes prior to inclusion in the permanent minutes.

303. Guest Attendance.

Board meetings shall be considered open to the membership unless otherwise specifically determined by a majority vote of the directors. The President/CEO, with the Chairman's approval, may invite guests or visitors to attend board meetings that are considered helpful and necessary to the business of the association.

304. Provisions of Executive Session.

At each meeting of the Board of Directors, there shall be provided an opportunity for an executive session of such duration as may be desired during which time only representative members of that body and invited guests shall be present.

305. Agenda

The President/CEO, in cooperation with the Chair, shall prepare and submit to each Director, prior to each meeting, an advance copy of an agenda, outlining matters that should be considered and such other matters, materials, and information as deemed appropriate. Generally, the agenda and exhibits (Packet) shall be sent at least seven (7) business days prior to a regularly scheduled board meeting, to allow Directors adequate time to prepare for the meeting.

306. Installation of Chairman.

The President/CEO will schedule an official ceremony at the NASCUS Annual Meeting at which time the President/CEO will install the Chairman-Elect as the new Chairman.

307. Future Meetings.

The President/CEO shall submit for approval the proposed board meeting dates for the upcoming year at the Board meeting held in conjunction with the Annual Meeting.

Section 400. Committees/Task Forces

401. Meeting Frequency

Committees and task forces shall meet as frequently as needed to fulfill their purpose and achieve their goals and objectives. They shall meet no less than once per year and no more than six times per year. Exceptions may be allowed as deemed necessary by the Board or the President/CEO.

402. Purpose

Each committee and task force shall have a statement of purpose, which shall be approved by the board of directors.

403. Goals and Objectives

Each committee, at its first organizational meeting, shall develop its goals and objectives for the year. These goals and objectives shall relate to the association's overall strategic plan. Each committee's goals and objectives will be reviewed by the board.

404. Distribution of Minutes

Minutes from the committee's meeting will be distributed to all committee members, the board of directors, and appropriate staff.

405. Committee/Staff Relationship

Each committee will work with all appropriate staff to implement projects as needed. Each committee will have a designated staff liaison that will coordinate the activities of other staff. Staff responsibility will be to facilitate the committee's functioning, to assist in implementing committee's programs and services, and to provide for long-term continuity for the committee.

Section 500. Membership Dues

501. Regulator Members

As often as deemed necessary by the Board of Directors, the dues of Regulator Members, established pursuant the NASCUS Operating Procedures, shall be reviewed. Although any proposed increase of more than 10 percent must be approved by a vote of the Regulator Members, the dues should be adjusted annually to prevent inflation from eroding NASCUS revenues. Generally, the smallest adjustment would be equal to the percentage increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) from the third quarter of one year to the third quarter of the next. An adjustment should be considered for any fiscal year in which the ratio of total regulator dues to total dues income is less than 15 percent.

502. Credit Union Advisory Council Members

The Board of Directors shall not ratify any amendments to the Credit Union Advisory Council Operating Procedures that would increase the dues of either the Credit Union Advisory Council Members or the Dual Chartering Benefactors if the projected increase in dues income would cause the ratio of total regulator dues to total dues income to be less than 10 percent.

503. Credit Union Advisory Council Dues

The dues of the Credit Union Advisory Council are non-refundable.

Section 600. Employment

601. Personnel Policy

The association's personnel policy will comply with applicable federal and local laws, further the mission of the association and provide a productive and professional work environment for the association's employees.

The association's personnel policy will be implemented through the NASCUS Employee Handbook, which may be revised or amended by the association at any time at its sole and complete discretion. The Handbook is authorized for informational purposes only and is not intended to create a contract of employment, which shall be disclosed clearly in its contents. The Handbook will include the association's policies and procedures relating to:

1. the hiring, retention and termination of employees
2. leave and other employee benefits
3. employee conduct, responsibilities and accountability
4. the office work environment, and
5. such other matters as the President/CEO deems appropriate and consistent with this policy.

When appropriate, an independent Human Resources consultant will review the Handbook and advise the President/CEO what revisions if any, are recommended. Recommendations the President/CEO deems appropriate and consistent with this policy will be implemented upon Board approval. The Handbook and any revisions will be provided to each employee, and a written acknowledgement of the employee's receipt of the Handbook and revisions will be maintained by the association.

602. Delegated Authority

To ensure the efficient and effective management of the Association, the Board has delegated many of its employment related powers, authorities, duties and functions to the President/CEO of the Association. It is the expectation of the Board that the President/CEO will exercise this delegated authority with fidelity and prudence, and assure compliance with all applicable state and federal laws.

603. Compensation/Benefits

It is the policy of NASCUS to compensate the President/CEO and staff members commensurate with their duties and responsibilities and with reference to compensation received for such duties in the Washington D.C. area. The purpose of this guideline is to advance and protect the excellence of the Association through the attraction of high quality personnel.

604. Supervision of Staff

Subject to such guidelines and controls as may be imposed by the Board, the President/CEO shall have exclusive control over the following employee matters (other than his/her own):

- A. Employment decisions regarding compensation, promotion, evaluation, discipline, termination, position responsibilities, and all other matters regarding performance of duties for NASCUS;
- B. Creation of new positions, elimination of positions, and fringe benefits, such as vacations; and
- C. Changes intended to create efficiencies or a more effective organizational plan.

605. Designated Holidays

The following holidays are normally recognized by NASCUS. Others may be declared from time to time:

- New Year's Day
- Martin Luther King, Jr. Day
- President's Day
- Memorial Day
- Independence Day
- Labor Day
- Columbus Day
- Veterans' Day
- Thanksgiving Day
- Christmas Day

When a recognized holiday falls on Saturday, it shall be observed on the preceding Friday. When a recognized holiday falls on Sunday, it shall be observed on the following Monday. Holidays that fall during a staff member's vacation are not counted as vacation days.

606. Unscheduled Closings

Certain conditions that affect the safety and well-being of staff members may be reason to close the office. In the event of severe weather, a natural disaster or an emergency, the President/CEO is responsible for making a decision with respect to the operation of the office. Factors to consider are the safety of employees, association property, and the critical need for the operation.

607. Retirement Plan

NASCUS may fund a defined benefit plan and a 401(K) plan for employees pursuant to the applicable adopted vesting schedule. The Board, however, reserves the right to amend any plan so established, if circumstances arise that require changes in policy, practice, or benefit.

608. Severance Pay

NASCUS may provide up to two weeks severance pay for any employee other than the President/CEO.

609. Evaluating the President/CEO's Performance

- A. The President/CEO will be evaluated annually by the Executive Committee. The performance evaluation of the President/CEO is intended to accomplish the following:
 - 1. Clarify the President/CEO's leadership and management roles as viewed by the Board;
 - 2. Maintain a harmonious working relationship between the Board and the President/CEO; and
 - 3. Assure the Board that the Association is being effectively administered by the President/CEO.
- B. The evaluation form and the performance measures to be used for the President/CEO's evaluation will be approved by the board of directors.
- C. Each Board member will be requested to provide the Chairman of the Executive Committee a completed evaluation form annually. To assist the Board members, the President/CEO will provide a self-evaluation of accomplishments and shortfalls during the review period.
- D. If necessary, the Executive Committee will conduct meetings with the President/CEO in order to obtain that information necessary to complete the evaluation in those areas, which can best be assessed by the Committee. After gathering any pertinent or necessary information from the President/CEO, the Committee will meet and prepare the evaluation.
- E. The Executive Committee shall annually develop a salary and benefit recommendation for consideration by the Board.

610. Whistle Blower Protection Policy

It is the policy of NASCUS to encourage its Board of Directors, Officers and employees to disclose improper activities and to protect individuals from reprisals for reporting improper activities. Improper activities include, but are not limited to, violations of any State or Federal law or regulation, such as corruption, malfeasance, bribery, theft of NASCUS property, fraud or fraudulent claims; violations of NASCUS policy; economically wasteful activities; a misuse of NASCUS property or facilities; or activities that involve gross misconduct, gross incompetence, gross inefficiency, or willful omission to perform duty. Any member of the Board of Directors, Officer or employee who takes inappropriate action against an individual who in good faith reports improper activities shall be subject to disciplinary action up to and including dismissal. Such inappropriate action includes but is not limited to acts of retaliation, interference, reprisal, threats, coercion or intimidation. The President/CEO shall establish procedures for members of the Board of Directors, Officers and employees to report improper activities and to protect them from inappropriate action taken against them in response.

Section 700. Financial Management

701. Financial Operations

NASCUS will conduct its financial operations consistent with the following guiding principles:

- compliance with applicable law,
- reporting in accordance with generally accepted accounting principles,
- maintaining appropriate and effective systems of internal control with the emphasis on relevant internal procedures, data integrity, and clearly defined roles and accountabilities,
- effective and efficient utilization of available resources,
- using a best practices approach, and
- leveraging related technologies.

702. Annual Budget

The annual budget is the financial plan for the operation of the association. The annual operating budget will be based on a fiscal year, which shall be from July 1 to June 30. The Board considers the preparation of an annual budget to be one of its most important responsibilities because it provides the framework for both expenditures and revenues for the fiscal year and translates into financial terms the programs and priorities of the association. The President/CEO, in cooperation with the Finance Committee, is responsible for preparing the proposed NASCUS' operating budget each fiscal year for consideration by the Board.

703. Unbudgeted Expenditures

The President/CEO has the authority to approve and disburse unbudgeted expenditures of up to \$5,000. The Secretary/Treasurer may authorize, in writing, unbudgeted expenditures in excess of \$5,000; however, any such expenditure shall be reported to the Board at its next meeting.

704. Disbursement Authority

The Board delegates the day-to-day authority for financial transactions to the President/CEO. Both the Treasurer and President/CEO shall have disbursement authority for all Association accounts, however, only one signature is required to approve and disburse payments in any amount for budgeted expenditures. Subject to Board approval, the President/CEO may delegate this authority to other staff provided the President/CEO does so with the establishment of a written management policy and that appropriate separation of responsibilities are maintained. Any change of authorized signers shall be reported to the Board and annually the Board shall review the list of authorized signers for each account.

705. Quarterly Budget Status Report

The President/CEO shall prepare a quarterly budget status report consisting of a Balance Sheet and Statement of Revenue and Expenses; a Schedule of Revenue and Expenses; and a Schedule of Budget Variances.

706. Finance Committee

Pursuant to Article XI, §2, the respective Chairman of the Board and the Executive Council appoints the members of the Finance Committee. Unless the Chairman determines the interests of the Association are better served otherwise, the Chairman shall appoint their Executive Committee to serve as the Finance Committee.

SECTION 800. Investment Policies.

801. Purpose

The purpose of this Section is to establish the policies, standards of prudence and performance. The Board is ultimately responsible for the fiduciary oversight of these investment assets and has chosen these policies as their statement of intent of achieving the investment objectives described below.

802. Philosophy

Investment decisions shall adhere to the prudent investor rule as defined under Section 804. Consistent with these requirements, the Board has established investment policies, objectives and strategies for the purpose of obtaining the optimum return on the portfolio in keeping with the assumption of prudent risk and total return objectives. Total return shall be defined as total investment return inclusive of income and capital appreciation (both realized and unrealized). The Board does not expect to be reactive to short-term investment developments, recognizing that the needs to payout are long-term and that investment competence must be measured over a meaningful period of time.

803. Investment Strategy

A. Asset Allocation

The President/CEO is responsible, within the guidelines established, for the allocation of the investment assets between financial institution deposits (CD's), bonds and cash equivalents, subject to the following limitations:

	Maximum	Minimum
Bonds/CD's	70%	30%
Cash Equivalents	70%	30%

Specific asset allocations will be established annually at a minimum or may be adjusted more frequently if the Board desires.

B. Time Horizon

In making investment strategy decisions, the focus shall be on a long-term time horizon that encompasses a complete business cycle.

C. Derivatives

The use of derivatives in pursuit of strategies to achieve “above market” performance is considered speculative and is strictly forbidden. Under no circumstances should leverage be employed in the purchase of securities.

D. Annual Review

At least annually, more often if deemed necessary, the Board will review and make changes to this policy.

804. Prudence, Responsibilities and Controls

A. Prudence

All participants in the investment process shall act responsibly. The standard of prudence to be applied by the President/CEO and external service providers shall be the “Prudent Investor” rules, which state: “Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.”

B. Ethics and Conflicts of Interest

Board members, the President/CEO, and advisors involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. These parties are required to reveal all relationships that could create or appear to create a conflict of interest in their unbiased involvement in the investment process.

C. Authorized Persons

The President/CEO is authorized to conduct all necessary investment activities. The President/CEO will report all investment transactions, activities and current status at each Board meeting. The Executive Committees of the Board and the Credit Union Advisory Council shall serve as an investment committee and review investments and policies on a semi-annual basis and advise the Board on these matters at the next Board of Directors meeting. The Board shall review any investment that has been down graded.

D. Performance Expectations

1. The performance object of the total bond holdings will be the Lehman Aggregate Bond Index.
2. Since objective benchmarks have not been developed for CD’s and Cash Equivalent Money Market Funds, NASCUS will review actual returns with a

careful eye towards expenses associated with those investment alternatives and use their expertise to verify that “market returns” were obtained in the CD’s.

805. Restrictions

A. Single Issue

No investments in any single issue shall be greater than five percent (5%) of the total amount of that issue.

B. Single Entity

No investment in any single entity shall be greater than 20% of the value of the portfolio.

C. Investment Grade

Fixed income investments shall consist of government debt instruments and /or debt instruments issued by commercial enterprises. To the extent that investment are made in corporate bonds, all purchases must be of investment grade with a quality rating of “BAA” or better by a nationally recognized rating agency.

D. CD’s

Certificates of Deposit (CD’s) must be issued by a federally-insured financial institution. The maximum maturity is five years from time of purchase.

E. Tax Implications

It is the intent of the Board that investments should be substantially related to furthering the tax exempt purpose of the Association. Therefore, a prime consideration in the investment selection process will be whether or not the activity is subject to unrelated business income tax.

806. Safekeeping

All investment instruments must be safe kept by a third party agent who provides this service in their normal course of business and provides insurance coverage for replacement. Board approval of this agent must be obtained at least annually.

Section 900. Decision-making and Reporting Lines

In order to clearly articulate and separate the responsibilities of the Board and management responsibilities of the President/CEO, the Board has adopted the following Decision Matrix.

901. CEO Compensation/Responsibilities

	Council Board	NASCUS Board	NASCUS Exec Com	Pres /CEO
1. President's compensation	A	D	R	A
2. Approve benefits for President	A/R	D	R	A
3. Approve President serving in positions with other organizations	A/R	D	R	A
4. Approval of complimentary resolutions over the:				
President's signature	A/R	A/R	A/R	D
Board's resolution		D		A
Council's resolution	D	A		A
5. Evaluation of President's performance	A	A/R	D	A

D=Decision Maker; R=Recommends to Decision Maker; C=Must be consulted prior; M=May be consulted; A=Must be advised

902. Personnel Issues

	Council Board	NASCUS Board	NASCUS Exec Com	Pres /CEO
1. Total salary budgeted for President's direct reports, as a group	A	D		R
2. Individual compensation for President's direct reports				D
3. Changes in Staff Benefits	A	D*1	R	R
4. Changes in Personnel Policy	A	D	R	R
5. Employment/appointment of President direct reports	A/M	A/M	A/M	D
6. Determine, from time to time, the number and qualifications of employees for NASCUS and the other organizations	A	A		D
7. Authorize bonus for President	A	D	R	A
8. Authorize bonus for employees if within the budget	A	A		D
9. Hiring part-time and short-time temps				D

D=Decision Maker; R=Recommends to Decision Maker; C=Must be consulted prior; M=May be consulted; A=Must be advised; D*1 = may delegate authority but not responsibility

903. Budget/Fiscal Control

	Reg Mbrs	Council Board	NASCUS Board	NASCUS Exec Com	Pres /CEO
1. Approval of the Budget for NASCUS		A/R	D	R	R
2. Approval of budget for subsidiary organization		A/R	D		R
3. Approval of capital expenditures, not budgeted		A/R	D	R	R
4. Approval to overspend the budget		A/R	D	R	R
5. Approval to overspend certain categories of the budget		A/R	A	M	D
6. Approval of claims for reimbursement made by board and committee members			D*1		
7. Approval of all other expenditures within budget		A	A		D
8. Approval of President's expenditures incurred on behalf of organization or subsidiary organization			D*2 Treasurer		
9. Approval of employees' expenses on behalf of organization or subsidiary organization, within budget					D
10. Disbursements to pay for the purchase of items within budget limits, pay claims for reimbursement of expenditures On behalf of organization, pay deposits to secure contracts, contract for services which are within the scope of the approved budgets, pay re-occurring expenses, etc.					D*1
11. Establish and manage investments, safeguard the assets of the organizations		A	D*3	R	R
12. Contract for goods and services which are not budgeted for		A	D	R	R
13. NASCUS Dues	D	A	R	R	C
14. NASCUS Advisory Council Dues		D*4			C

D=Decision Maker; R=Recommends to Decision Maker; C=Must be consulted prior; M=May be consulted; A=Must be advised; D*1 = may delegate authority but not responsibility; D*2 = should be delegated to treasurer; D*3 = may delegate authority to president but not responsibility; D*4 = must be ratified by the NASCUS Board in order to take effect.

904. Organizational Structure

	Council Board	NASCUS Board	NASCUS Exec Com	Pres /CEO
1. Changes of organizational structure of NASCUS	M	D	M	M
2. Change the organizational structure of a subsidiary	M/R	D	M	M
3. Change the staffing structure, below the President, of NASCUS or a subsidiary	A	A		D

D=Decision Maker; R=Recommends to Decision Maker; C=Must be consulted prior; M=May be consulted; A=Must be advised

905. Public Position Statements

	Council Board	NASCUS Board	NASCUS Exec Com	Pres /CEO
1. Decisions about NASCUS' public positions on issues	A	D*1	R	R
2. Public and private explanation and promotion of organization's public policy on issues	A	A		D

D=Decision Maker; R=Recommends to Decision Maker; C=Must be consulted prior; M=May be consulted; A=Must be advised; D*1 = may delegate authority but not responsibility

Section 1000. Reimbursement of Travel Expenses

1001. Scope.

These guidelines apply to all persons authorized to travel on official NASCUS business. The President/CEO is authorized to issue interpretations and take such other action as may be necessary or appropriate to implement the provisions of these guidelines. The Association may deny reimbursement of travel-related expenses for failure to comply with the provisions of these Guidelines.

All official NASCUS travel shall be properly authorized, reported, and reimbursed; expenses for personal travel should not be charged to, or be temporarily funded by, the Association, unless otherwise noted in the Guidelines. It is the traveler's responsibility to report his or her actual travel expenses in a responsible and ethical manner, in accordance with the requirements set forth in the Guidelines.

1002. Reimbursement

It shall be the policy of NASCUS to pay for or reimburse official NASCUS travelers for actual, reasonable, and proper expenditures incurred in the conduct of the Association's business up to any predetermined limits. Such expenditures shall be reasonable in amount, proper in nature and the purpose of the expense shall conform with sound, ethical, and legal standards of conduct expected of all NASCUS travelers. "Reasonable" is defined as that which enables a traveler to live comfortably, but not extravagantly while away from home on official business. Travelers are expected to exercise the care normally exercised while operating on their own funds.

Good business practice requires that all expenditures be clearly and correctly recorded; any unusual items or amounts must be fully explained. Receipts are recommended for all expenditures and are required for all expenditures of \$50.00 or more.

1003. Transportation Expenses

- A. Transportation expenses consist of the charges for commercial carrier fares; private car mileage allowances; overnight parking; bridge and road tolls, necessary taxi, bus, rapid transit fares; and all other charges essential to the transport from and to the official business event location.
- B. Transportation tickets should be procured in advance in order to obtain any discounts offered by the carrier. If practical, such tickets should be purchased from the Association's travel agency.
- C. Reimbursement will be made only for the method of transportation which is in the best interest of the Association, considering both direct expense as well as the traveler's time. Provided the mode of transportation selected does not conflict with the needs of the Association, the traveler may use a more expensive form of transportation and be reimbursed at the amount required for a less expensive

mode of travel. Both modes of transportation will be shown on the travel claim with references to this section.

- D. In any case in which reimbursement for expenses of transportation by private automobile is claimed, the reimbursement is for the expense of use of the automobile regardless of the number of persons transported, and no reimbursement for such transportation shall be allowed any passenger in any automobile operated by another such traveler. The private automobile reimbursement will be at the IRS approved rate for mileage. (In determination of fares or mileage paid for transportation by airplane, the point of origin or return shall be an appropriate airport facility serving the area of the traveler's workplace or residence, whichever results in the lesser distance or amount.)
- E. Expenses arising from travel between residence and the workplace shall not be allowed. Where a trip is commenced or terminated at the traveler's residence, the distance traveled shall be computed from either the traveler's workplace or residence, whichever shall result in the lesser distance.

1004. Subsistence Expenses

Subsistence expenses consist of the charges and attendant expenses for meals and lodging and all charges for personal expenses incurred while on travel status.

- A. Actual cost of lodging may be reimbursed if supported by a paid itemized receipt from a commercial establishment. Normally, lodging expenses should be the least costly available while providing for the safety and comfort of the traveler; however, if a hotel is the official event site or a hotel designated by the event hosts as official lodging the Association will reimburse an amount not to exceed the conference room rate.
- B. Travelers are expected to exercise good judgment when ordering meals. Meal claims should reflect actual/reasonable expense not to exceed \$75.00 per day. However, meal costs may exceed this amount when there are meals associated with meetings or events that are expensive, and the Association will pay the full cost of these meals if there is a receipt for any single meal claim of \$25 or greater.
- C. Other allowable personal expenses may include the following when such expenses are incurred for Association business: computer use fees, telephone calls, fax and copying charges, postage, and customary tips.
- D. Reimbursement will not be made for any expenditure which is in lieu of the normally reimbursable type expenses, e.g., when an employee elects to stay at a relative's or friend's home instead of commercial lodging.

1005. Gratuities

Tips to food servers, taxi drivers, and baggage handlers are reimbursable when they are at acceptable levels and deemed to be reasonable and necessary. Gratuities claimed as travel expenses should be consistent with the following guidelines:

Meals:	15%-20% of meal cost
Baggage Handlers:	\$1-\$1.50 per bag
Vehicle Drivers:	10%-15% of fare

1006. Association Travel Cards

Association travel cards may be issued to staff members who travel on official Association business at least once a year. Except in extenuating circumstances, corporate travel cards should be used only for expenses associated with official Association travel. Amounts charged to the cards should be billed directly to the cardholder. The cardholder shall be personally responsible for paying all charges and keeping the account current. The Association will not reimburse or pay late fees charges incurred in connection with the corporate card. Travelers are reimbursed by submitting a travel expense report.

1007. Entertainment Expenses

There are occasions when the entertainment of special visitors, speakers, board member, credit unions, regulators, or staff is appropriate and in the Association's interest. The President/CEO should make sure that expenditures for this purpose are reasonable and appropriate for a professional association. Entertainment includes any activity generally considered to provide amusement or recreation.

1008. Spouse/Guest of the President/CEO

The President/CEO is often required to have extensive and unique contact with the Financial Services Industry and its regulators on behalf of the Association. When she/he is performing her/his official duties in such areas as development, members, and governmental relations (and because her/his spouse/guest makes an important contribution to the success of these events), the Association may pay the spouse/guest's travel expenses if both the following conditions are met:

- A. The spouse/guest attends and contributes to the official function. This includes events when the spouses of the Association's guests are expected to be present.
- B. The purpose of the travel and the expenses incurred are fully documented and the activities of the spouse/guest relating to Association business are outlined.

Payments for travel expenses (lodging, meals, registration, and transportation) of the President/CEO's spouse/guest are generally considered taxable income. The applicable amount is included as taxable income on the President/CEO's Form W-2.

1009. Approvals for Reimbursement

The President/CEO is authorized to approve travel reimbursement requests on behalf of, and for, the Board of Directors, Credit Union Advisory Council Board Chairman, Standing Committee Members, and Staff Members. Travelers may not approve their own travel reimbursement; therefore, the Secretary/Treasurer shall approve any travel reimbursement for the President/CEO and the Spouse/Guest of the President/CEO.

1010. Speakers

NASCUS is committed to providing its membership with first-rate programming at the annual State Summit and at continuing education events. In order to attract dynamic, informed, and capable presenters, NASCUS provides them with fair and reasonable compensation and reimbursement. These guidelines are designed to assist the Education Committee to be consistent and equitable when presenting reimbursement options, while at the same time allowing for flexibility needed in dealing with exceptional situations.

- A. Honoraria: When deemed appropriate by the President/CEO, NASCUS may pay honoraria and speaker fees.
- B. Reimbursement: Some speakers may also be reimbursed for certain direct expenses. Direct expenses may include:
 - 1. Travel (plane, train, bus, automobile, etc.). NASCUS will reimburse up to the cost of a current round trip airline ticket with 14-day advance purchase in coach class. NASCUS may reimburse for actual mileage, at the IRS approved rate per mile, to and from the event site provided mileage and parking is less than or equal to the cost of a 14-day advance coach ticket.
 - 2. Lodging in standard event housing. Speakers will be reimbursed up to the cost of the designated event hotel. If a speaker chooses to stay at a hotel other than the designated event hotel, said speaker must pay the entire bill and submit receipts for reimbursement only up to the cost of the designated event hotel, unless NASCUS has opted to make direct payment arrangements.
 - 3. Meals and daily incidental expenses. A fixed reimbursement expense is payable to speakers who travel away from their home city (metropolitan area of the city where the speaker resides) to participate in the event. This reimbursement covers meals, phone calls, entertainment, local transportation (other than to and from the airport), tips and other miscellaneous charges. The fixed allowance is \$75 for speakers presenting a keynote, tutorial or workshop day.
 - 4. The cost of transportation to and from airports will be reimbursed at cost for taxis and shuttles, and at prevailing IRS standard mileage reimbursement rate for personal car mileage. The cost for an economy car rental will be reimbursed only if it is less than a taxi or shuttle from and to

the airport. If a speaker chooses to rent a car that is more costly than the taxi fare, NASCUS will estimate reasonable taxi fare to and from the airport and make payment to speaker of that amount.

5. All expenses in excess of \$25.00 submitted for reimbursement must be accompanied by receipts and the purpose for each expense.

6. To receive reimbursement, speaker must include his/her Tax ID number or social security number with receipts and request for reimbursement. Expenses reimbursed by NASCUS will be included with 1099 form as non-employee compensation.

7. Registration Fees. Outside speakers may receive a waiver for the basic event registration.

1011. Exceptions to Guidelines

The Chairman or Secretary/Treasurer shall approve, deny or grant exceptions for any travel expense reimbursements. The Chairman or Secretary/Treasurer may also authorize reimbursement for actual, necessary and reasonable expenditures not identified in these guidelines. Any such reimbursement shall be documented and paid in accord with established accounting practices.

1012. Travel Expense Form

No travel expenses shall be paid unless rendered upon a form and in a manner prescribed by the President/CEO. All expense accounts shall be properly itemized, accompanied by the necessary vouchers/receipts and approved by the prescribed official. It is the responsibility of the official approving the claim to ascertain the necessity and reasonableness of incurring expenses for which reimbursement is claimed.

Section 1100. Fidelity Bond and Insurance Protection

1101. Insurance.

NASCUS will maintain property, casualty and liability insurance in order to safeguard the association and its members in such amounts as approved by the Board. As appropriate, the President/CEO is authorized to have an independent insurance consultant review the association's insurance policies to ensure that coverage and limitations adequately meet the needs of the association.

1102. Fidelity Bond

NASCUS will purchase and maintain fidelity and surety bond coverage for its officers, staff, and agents at \$250,000 for fraud and dishonesty, with up to a \$2,500 deductible.

Section 1200. Disaster Recovery

1201. Planning

The association will develop a disaster recovery plan that is intended to promote the safety of employees and restore operations efficiently and effectively in the event of a disaster, that substantially interrupts business operations. The President/CEO will review and revise the disaster recovery plan as appropriate and may employ independent experts in developing and reviewing the plan. The disaster recovery plan shall be tested at least annually.

Section 1300. Document Retention.

In the normal course of business it is expected that documents (electronic and hardcopy) that are not necessary for legal and/or business purposes will be routinely discarded according to an orderly and lawful retention schedule developed by the President/CEO. It is, however, the policy of NASCUS to suspend all regularly scheduled document destruction when litigation against NASCUS is pending, imminent or contemplated. When document destruction is suspended for any reason, the General Counsel will notify the appropriate personnel about the relevant categories of documents to be retained until further notice. Once the relevant documents have been identified and segregated from destruction/deletion, the operation of the procedures regarding NASCUS documents, including regularly scheduled destruction, shall recommence.

Section 1400. (Reserved)

SECTION 1500. Amendments

1501. Amendments to the Policies

Any of these policies may be altered, amended, or repealed, and new policies may be adopted by an affirmative vote of a majority of the Board of Directors. The Operating Policies Manual shall be reviewed and approved by the Board of Directors biennially.

1502. Supersedes

The Board of Directors adopts *The Operating Policies Manual* as the official document articulating the Board's guiding principles for the association. Operating policies existing prior to the adoption of this policy and not included in the *Manual* are rescinded and are no longer in effect.