 Office of Credit Unions Policies and Procedures	POLICY NUMBER
	10125
MANAGEMENT	EFFECTIVE DATE
	11/01/2018
SUBJECT	REVISION DATE
	11/01/2018
Policy Review	PAGE(S)
	Page 1 of 2

I. PURPOSE

Policies must clearly and concisely state intentions, limitations, and controls that will guide the credit union. They should also reflect the credit union’s mission, values and principles as well as the tolerance for risk. Policies should be reviewed on at least an annual basis and amended as necessary to reflect current procedures. Management must ensure policies comply with all state and federal regulations.


II. PRIMARY REFERENCES / RELATED REGULATIONS

1. Michigan Credit Union Act:
 - a. [Section 342\(3\)\(h\)](#): The Board shall adopt investment policies.
 - b. [Section 342\(3\)\(i\)](#): The Board shall adopt other policies necessary for the sound operation of the credit union.
 - c. [Section 342\(4\)\(f\)](#): The Board shall perform, or delegate the responsibility to, establish procedures to implement board policies.
2. [Bulletin 2005-03-CU: Annual Review of Policies and Operations](#)

III. MINIMUM PROCEDURES

1. Ensure Adequate Policies and Procedures are in Place

- a. A credit union’s Board of Directors must approve all policies necessary to ensure sound operations. Common policies include the following:
 - i. Lending and Collection Policies.
 - ii. Investment Policy.
 - iii. Asset-Liability Management.
 - iv. Liquidity policies.
 - v. Capital Adequacy (Accumulation and Maintenance) Policy.
 - vi. Personnel policies.
 - vii. Board and Directorship Policies.
 - viii. Bank Secrecy Act policies.
 - ix. Disaster Recovery Policy/Plan.
 - x. Escheat Policy.
 - xi. Information Security Policy.
 - xii. General Security Policies.
 - xiii. ALLL Policy.
 - xiv. Loan Classification / Loan Watch List Policy.
 - xv. Travel / Expense Reimbursement Policy.

 Office of Credit Unions Policies and Procedures	POLICY NUMBER
	10125
MANAGEMENT	EFFECTIVE DATE
	11/01/2018
SUBJECT	REVISION DATE
	11/01/2018
Policy Review	PAGE(S)
	Page 2 of 2

- xvi. Cash Over/Short Policy.
- xvii. Confidentiality / Privacy Policy.
- xviii. Education/Training Policy.
- xix. Internal Audit Policies.
- xx. Personnel Policies.
- b. There should also be policies and/or procedures in place to address material risks presented by off balance sheet items (e.g. Letters of Credit, Borrowings, CUSOs, any contingent liabilities)

2. Policy Manual Review

- a. Ensure all credit union policies are approved by the Board of Directors and reviewed on at least an annual basis.
- b. Policies should be reviewed, re-evaluated and adjusted periodically to remain applicable, relevant, and provide appropriate guidance.
- c. Although policies aren't required to be reviewed at the same time, they are required to be reviewed on an annual basis and recorded in the official minutes of the Board of Directors.
- d. Policies should be maintained, in the most recent approved form, by all affected staff members, and document the date of approval/revision.
- e. Ensure policies are adequate for the needs of the credit union and provide accurate and effective risk management practices. Policies should be:
 - i Firm and clear in purpose;
 - ii Consistent with the credit union's objectives;
 - iii In compliance with applicable rules, regulations and bylaws;
 - iv In accordance with the needs of the membership; and
 - v Consistent with sound business practice.
- f. Review the policies for their applicability to the institution; the sophistication of each policy is dependent upon the complexity of the institution. Credit unions with simple structures do not require extensive policies, while credit unions with a complex structure require more sophisticated policies.
- g. Credit unions may use policy models to assist in drafting their policies; however, it is important the policy models are tailored to fit the specific needs/complexity of the institution.