



## Union Credit Card Policy

Some labor organizations provide certain officers, employees, or committee members (“officials”) with union credit cards to be used for charging certain purchases and/or union business travel expenses to the union. In such an arrangement, individual charges by these union officials are reported on a monthly bill from the credit card provider which is sent to the union for payment. While union credit cards offer convenience to those officials who are issued one, unless properly managed with clear policies and procedures, union credit cards may pose a threat for abuse.

The Office of Labor-Management Standards (OLMS) enforces certain provisions of the *Labor-Management Reporting and Disclosure Act* (LMRDA). The LMRDA requires, in part, that unions meet basic standards of fiscal responsibility. To ensure compliance with the LMRDA and to safeguard union assets by promoting transparency and accountability, labor organizations should establish best practices for monitoring credit card use and administering payments. OLMS recommends that unions (1) adopt clear policies and procedures for credit card use and payment, (2) maintain detailed documentation to support each credit card charge and credit card payment, and (3) regularly monitor compliance with the established credit card policies and procedures. Each of these components is discussed in more detail below.

### ***Adopt a Policy and Procedures for Credit Card Use and Payment***

OLMS does not recommend one best policy for credit card use and payment. However, we suggest your policy address the following issues in as much detail as possible:

**Authorized users:** Who is authorized to have and use a union credit card? Does each authorized official get his or her own card or is there one card with multiple users? How will the credit card be safeguarded and who will have access to it? How will the PINs associated with each credit card be safeguarded and who will have access to them?

**Authorized uses:** What *types of expenses* that may be charged to the union credit card and under what circumstances? Here are just a few circumstances you may want to consider:

- Is credit card use limited to lodging and transportation costs incurred while traveling on union business?
- Can the credit card be used to purchase office equipment and, if so, is pre-authorization of each purchase required? Who must pre-authorize use of the credit card to purchase equipment and how?
- Can the credit card be used to pay for meal expenses and, if so, under what circumstances (e.g., only meals necessary for conducting union business while in travel status)?

**Prohibited uses:** What types of expenses are prohibited? Does your policy prohibit the use of union credit cards for ATM withdrawals, cash back at point of purchase, cash access checks or other cash withdrawals? Does your policy prohibit the use of union credit cards for personal purposes? If your policy does not allow the use of union credit cards for these purposes, does it make this prohibition clear? Is there an established policy for addressing the consequences of prohibited credit card use? If the use of union credit cards for these purposes is not prohibited, are clear restrictions written into the policy? A policy that prohibits and/or restricts these uses will prevent, or at least inhibit, the misuse of union credit cards.

**Expenditure amount limits:** Does your policy establish any dollar limits for types of expenses that may be charged to the union credit card? For example, are union business travelers limited to a per diem amount for meal charges? If they receive per diem and charge meal expenses to the union credit card, how will the credit card payments be handled to ensure that there is no “double dipping” for meal expenses? Are officials limited to certain classes of air travel when they use the union credit card? Are they limited to certain maximum lodging charges or certain types of amenities?

**Documentation requirements:** Does your policy specify *exactly* what documentation the credit card user is required to submit to support all charges? For example, does the union require credit card holders to submit an expense and/or travel voucher or claim to the union for credit card expenses? If so, what information is required on the voucher and what additional supporting documentation must be submitted to the union? Does your policy specify who at the union will receive and review all credit card expense documentation? Does your policy specify that the union will not reimburse credit card charges unless adequate documentation is provided by the card holder? See the next section for further details.

Whatever your union’s credit card policy and procedures, they should be committed to writing and either added to your union’s bylaws or approved at an executive board or membership meeting and documented in the meeting minutes or other policy manual or document maintained by the union. Once established, it is important that your union consistently follow its credit card policy and regularly monitor its use (see last section below). Your union’s trustees or audit committee should be required to periodically review credit card use, to ensure compliance with the credit card policy you’ve adopted.

### ***LMRDA Documentation Requirements for Union Credit Card Use and Payment***

Section 206 of the LMRDA provides that every person required to file any report under Title II of the Act shall maintain records on the matters to be reported which will provide in sufficient detail the necessary information from which the reports filed may be verified, explained, clarified and checked for accuracy and completeness. The records shall include vouchers, worksheets, receipts, and applicable resolutions approving expenditures. In order to comply with the recordkeeping requirements of Section 206, your union must maintain the following credit card documentation:

- All credit card statements and payment information for amounts paid to credit card vendors.
- All original, itemized receipts for *each* credit card charge, including itemized hotel invoices, transportation costs, and itemized meal receipts from restaurants.
- For group meal expenses, union records must also include: (a) a written explanation of the specific union business conducted (it is insufficient to simply record “union business”—you must be more specific than that); (b) the full names and (c) titles of all persons incurring the food and beverage charges.

### ***Monitoring Compliance with the Local Union Credit Card Policy and Procedures***

For unions that utilize credit cards it is vitally important to ensure that officials properly account for union funds. To be truly effective, credit card policies require regular “reviews” to make sure that they are being consistently followed. Union trustees or audit committees, as part of the policy, should be required to periodically audit expense claims for compliance with the credit card policy. Every time such an audit or review occurs, at a minimum, one or more officer’s credit card expense claims should be selected for a particular time period, all expense reports and supporting documentation pulled and each claim reviewed to ensure that the credit card policy has been followed. Any exceptions should be noted and reported to the executive board of the union for appropriate action.

If you have any questions, please contact your nearest OLMS field office below.

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# OLMS

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