

MINUTES
AUDIT COMMITTEE
UNITARIAN UNIVERSALIST ASSOCIATION

January 6, 2006

MEMBERS

PRESENT: Brody, Merck, Saunders, Smith, - Reece (via conference call)

MEMBERS

ABSENT: None

ALSO

PRESENT: Crowell, Einhorn, Gabert, Gladyszak, Montgomery, Rutherford

MINUTES

Actions Taken:

VOTED: Approve the minutes of the November 18, 2005 meeting with two revisions.

RESTATEMENT UPDATE

Issues Discussed:

- 1) Deloitte restatement not yet delivered due to approval delay.
- 2) Gabert's ongoing communications with Deloitte
- 3) Final KPMG report to be distributed electronically with approval to take place by phone.

Outstanding Items:

- 1) Final KPMG report to be approved by Merck, Gabert, Montgomery, and Brody prior to January 21, 2006 Board of Trustee Meeting.

MANAGEMENT LETTER

Issues Discussed:

- 1) There has been difficulty in understanding KPMG's intent on some of their comments.
- 2) The meaning of "in collaboration with KPMG" in a number of managements' comments.
- 3) Review of senior staff travel.
- 4) Creation of an "internal audit function".

- 5) The structural subtext of Beacon Press's section of the management letter was considered; specifically, how Beacon is integrated into the organization and who gets to decide their chart of accounts
- 6) A more straightforward response to the Fundraising Management section is desired.
- 7) KPMG acknowledged missing communication opportunities, regarding ideas behind management letter recommendations

Outstanding Items:

- 1) Montgomery will redraft portions of the response to incorporate changes discussed in today's meeting.
- 2) Discussion of the creation of an internal audit function to take place at May 2006 meeting.

Actions Taken:

VOTED: Affirm the recommendation that there be a review process of senior management's travel by a member of the Board.

VOTED: Go to Executive Session

CLOSING

Issues Discussed:

- 1) Brody provided an overview of the presentations he made to the Board of Trustees and the President's Council this past fall.

Action Taken:

- 1) Future meetings are set for May 19, 2006 and October 6, 2006.