

## **Unitarian Universalist Association Audit Committee Charter**

[Approved by the Audit Committee on October 12, 2004]

[Voted by the Board of Trustees on January 23, 2005]

[Draft revisions by Key in on March 29, 2010 and October 26, 2010]

### **PURPOSE**

To assist the Board of Trustees in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control, the audit process, and the Association's process for monitoring compliance with laws, regulations, and the code of ethics.

### **AUTHORITY**

The Board of Trustees of the Unitarian Universalist Association established the Audit Committee at its April 26-27, 2003 meeting on April 26-27, 2003 with the following vote:

“VOTED: To authorize the establishment of an Audit Committee as a Committee of the Board to oversee the annual audit of financial statements by a public accounting firm and to monitor the review, establishment, and implementation of accounting policies and internal controls. The Audit Committee shall consist of the Financial Advisor, one member of the Finance Committee appointed by the Finance Committee, and three other persons, none of whom shall be members of the Board of Trustees.”

The audit committee has the authority to conduct or authorize investigations into any matters within its scope of responsibility. It is empowered to:

- Appoint, compensate, and oversee the work of any registered public accounting firm employed by the Association.
- Resolve any disagreements between management and the auditor regarding financial reporting.
- Pre-approve all auditing and non-audit services.
- Retain independent counsel, accountants, or others to advise the committee or assist in the conduct of an investigation.

- Seek any information it requires from employees or external parties, all of whom are directed to cooperate with the committee's requests.
- Meet with Association officers, external auditors, or outside counsel, as necessary.

## **COMPOSITION**

The Audit Committee will consist of

- Three individuals who are appointed by the Board of Trustees to staggered, two-year terms. These individuals are eligible to serve up to four continuous terms, for a total of eight years. These individuals shall not be members of the Board of Trustees nor hold a salaried position with the Unitarian Universalist Association. Moreover, these individuals will be both independent and financially literate. At least one member shall be designated as the "financial expert," as defined by applicable legislation, regulation, and best practices.
- The UUA Financial Advisor (with vote)
- A member of the Board of Trustees' Finance Committee selected by the Finance Committee (with vote).

The Chair of the Audit Committee shall be selected by the Board of Trustees according to the board's usual procedures for making such appointments. Except under unusual circumstances, the Chair shall be chosen from among the three independent members.

## **MEETINGS**

The committee will meet at least three times a year, with authority to convene additional meetings, as circumstances require. All committee members are expected to attend each meeting, in person or via tele- or video-conference. The committee will invite members of

management, auditors, or others to attend meetings and provide pertinent information, as necessary. It will hold private meetings with auditors (see below) and executive sessions. Meeting agendas will be prepared and provided in advance to members, along with appropriate briefing materials. Minutes will be prepared.

## **RESPONSIBILITIES**

The Board of Trustees of the UUA has full authority and ultimate responsibility for the stewardship and management of all resources entrusted to the Association.

The Audit Committee has been established by the Board of Trustees to oversee the annual audit of financial statements by a public accounting firm and to monitor the review, establishment, and implementation of accounting policies and internal controls.

The Audit Committee will carry out the following responsibilities to accomplish its charge:

### Financial Statements

- Review significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas, and recent professional and regulatory pronouncements, and understand their impact on the financial statements.
- Review with management and the external auditors the results of the audit, including any difficulties encountered.
- Review the annual financial statements, and consider whether they are complete, consistent with information known to committee members, and reflect appropriate accounting principles.
- Review other sections of the annual report and related regulatory filings before release and consider the accuracy and completeness of the information.

### Internal Control

- Consider the effectiveness of the Association's internal control system, including information technology security and control.
- Understand the scope of the external auditors' review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses.

### External Audit

- Review the external auditors' proposed audit scope and approach, including coordination of audit effort with internal audit.
- Review the performance of the external auditors, and exercise final approval on the appointment or discharge of the auditors.
- Review and confirm the independence of the external auditors by obtaining statements from the auditors on relationships between the auditors and the association, including non-audit services, and discussing the relationships with the auditors.
- Meet regularly and separately with the external auditors to discuss any matters that the committee or auditors believe should be discussed privately.

### Compliance

- Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of noncompliance.
- Review the findings of any examinations by regulatory agencies, and any auditor observations.
- Review the process for communicating the code of conduct to company personnel, and for monitoring compliance therewith.
- Obtain regular updates from management and company legal counsel regarding compliance matters.

## Reporting Responsibilities

- Regularly report to the Board of Trustees about committee activities, issues, and related recommendations.
- Meet at least annually with the Executive Vice President, the Treasurer and Chief Financial Officer, and other staff as appropriate to discuss any issues arising from the Audit Committee's responsibilities, including management's evaluation of the work performed by the independent public accountants or other external advisors retained by the Audit Committee and/or Association.
- Meet at least twice annually with the independent public accountants, or more frequently as circumstances require, to discuss any issues arising from the Audit Committee's responsibilities. The Audit Committee may request the presence of members of management or others to attend meetings and provide pertinent information as necessary.
- Provide an open avenue of communication between the external auditors and the board of directors.
- Report annually to the member congregations, describing the committee's composition, responsibilities and how they were discharged, and any other information required by rule, including approval of non-audit services.
- Review any other reports the company issues that relate to committee responsibilities.
- Recommend to the Board of Trustees changes in Governance, Risk Management, and Compliance processes, structures, policies, or procedures that would minimize Association risk and/or optimize opportunities for the Association.

## Other Responsibilities

- Perform other activities related to this charter as requested by the board of directors.
- Institute and oversee special investigations as needed.
- Review and assess the adequacy of the committee charter annually, requesting board approval for proposed changes, and ensure appropriate disclosure as may be required by law or regulation.
- Confirm annually that all responsibilities outlined in this charter have been carried out.
- Evaluate the committee's and individual members' performance on a regular basis.
- Assist the Trustees of the UUA Employee Benefits Trust (EBT) in the following ways:
  - Recommend the selection of an auditing firm
  - Receive and review the EBT audit (after it has been approved by the EBT Trustees), and make appropriate comments and recommendations to the UUA Board of Trustees and to the EBT Trustees
  - Respond to requests from the EBT Trustees or the EBT Trust Committee for advice or other assistance on financial, operational, or other issues