

UUA Audit Committee
Monday, May 12, 2014
JA International
177 Milk Street, Boston, MA
MINUTES

Members present: Sean Rush, Chair, Chris Chepel, James Wu, Susan Weaver (Board Liaison), Larry Ladd (Financial Advisor)

Member absent: None

Staff present: Tim Brennan, Susan Helbert, Harlan Limpert, Karen Wheeler

Guests present: Michael Burns, Merrill Puopolo – Meyer, Hoffman, McCann/Tofias

1. Minutes - Rush

Motion: to approve minutes of the February 24, 2014 meeting: moved by Chepel, seconded by Weaver, approved with no changes.

2. Enterprise Risk Management (ERM) – Harlan Limpert

- ERM approach
 - COSO framework was used for the Risk Analysis Grid ratings.
 - Health plan will be added to the list and rated; Health Plan Director Jim Sargent will be invited to a future meeting to discuss the impact of the Affordable Care Act (ACA) on the UUA Plan.
 - While the financial risk of ministerial misconduct is covered by the individual congregations' insurance policies, there could be a reputational risk to the UUA.
 - Rating of fundraising as a 5 is warranted due to possibility of losing main fundraising staff simultaneously, effectuating a loss of intellectual property. Would be difficult to overcome loss of APF funding should many large congregations decide not to participate.
 - Districts are generally run by UUA staff therefore making the UUA potentially liable for financial issues.
 - Proper approach is to assign ratings without considering mitigating factors; then provide ratings with mitigating factors to get a truer sense of risk exposure.
- Crisis management
 - The UUA holds a meeting of key staff 3 to 4 weeks prior to GA to discuss what unique risks may be encountered.
 - Need to take into consideration mitigating potential loss of all senior level staff during GA. Need a backup plan in the unlikely event that something should happen.
- Ministerial misconduct update
 - Limpert and Weaver met with two survivors of ministerial misconduct. As a result of those discussions, our processes will be updated to reflect some

very important issues brought to light. One such change discussed would be the potential of using an outside investigator on such cases.

- The UUMA code of conduct has been reduced to 17 words describing what relationship a minister can have with congregants making it very clear.

Action item 1: Committee as a whole is to review the grid again and to determine if items in addition to the health plan should be added.

Action item 2: Ratings will be re-evaluated without mitigating factors to ascertain total risk.

3. CFO's report – Brennan

- UUCEF, LLC
 - The LLC has received a 501(c)(3) determination letter from the IRS.
 - The UUA will require all congregations in the UUCEF to complete a new subscription agreement prior to assets being moved. We will also have to complete new agreements with all fund managers. We hope to have conversion processed by the end of the calendar year.
- Fossil fuel divestment
 - There has been concern expressed by some members of the Investment Committee that if the GA passes a fossil fuel company resolution it could potentially impact their ability to manage the Fund in a manner consistent with their fiduciary duty. Throughout the winter there were negotiations between the Investment Committee, the Socially Responsible Investment Committee and the proponents of the resolution. Eventually the parties agreed upon language that provides three types of protections, 1) nothing is the resolution shall direct the UUA to do anything contrary to fiduciary duty, 2) we can hold fossil fuel stocks for advocacy purposes and, 3) co-mingled or mutual funds are not required to be divested. The Board has voted to support the resolution as drafted.
- Property update
 - Sale of 25 Beacon and 6&7 Mt. Vernon Place have been completed. We can occupy buildings until the end of June at no cost.
 - The process of selling 41 Mt. Vernon is still ongoing; however, we are close to an agreement and anticipate signing a Purchase and Sale agreement in the next few days. If this sale goes through, the closing will be at the end of July.

4. Monitoring reports – Ladd

- The Audit Committee was asked to review the financially related policies and eliminate any that are not necessary. The goal is to reduce the number of policies that need to be monitored by the Board.

- The Audit Committee would become responsible for the monitoring of financial reports removed from the scope of the Board. Those reports are:
 - Treatment of Staff
 - Plan Surplus Revenue
 - Acceptance of Gifts Guidelines
 - Reporting of All Transactions
 - Asset Protection
 - Reimbursable Expenses

Motion: to recommend these changes to the Board: moved by Ladd, seconded by Chepel. All in favor and none opposed.

5. Presentation from Tofias on audit plan – Burns, Puopolo

- Tofias will provide an opinion on the financial statements and supplemental information.
- Burns described their approach to the audit and the schedule they will follow.

6. Executive session with auditors – Rush

7. Committee charter/name – Rush

- The committee discussed broadening committee name to include risk assessment.
- There was consensus that it is better to change the charter instead of changing the name of the committee. We will modify the purpose statement in the charter to include responsibility for enterprise risk oversight.
- Strike last sentence from the first bullet in the composition section of the charter stating that at least one member shall be designated as the “financial expert”, as defined by applicable legislation, regulation, and best practices.

Next meeting: Wednesday, November 19, 2014