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**Sent:** Saturday, May 25, 2013 1:01 PM

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**Subject:** Audit Committee recommendation concerning competitive bidding for contracts

Hi Donna,

The Association and its related organizations (namely the Health Plan and the Common Endowment Fund) spend at least \$2 million a year on services obtained through contracts. Some of the largest ones are printing services for Beacon Press, investment advice for the UUCEF, recordkeeping services for the retirement plan, and claims management and actuarial consulting for the Health Plan. Some of these services (such as endowment fund management) are obtained through a rigorous selection process, and the contractor's performance and fees are reviewed regularly. Other contractors were selected many years ago (some well before my time on the board) and have not been reviewed since.

The Audit Committee discussed this issue at several meetings, and concluded that, as a general rule, "substantial" (to be defined by the Administration) service contracts should be put out for competitive bids at least once every seven years. But the general rule may have exceptions, so the committee wrote the proposed policy so that the Administration would be allowed to continue contracts without rebidding so long as it explains its reasoning.

The committee has approved the following motion. Section 2.8 of the Governance Policy, which deals with contracts, seemed to be a good place for it. But somewhere else would be fine.

The monitoring report would be very simple: a definition of “substantial,” a list of contracts and when they were last put out to bid, and an explanation of any that had gone more than seven years without a rebid. The phrase “controlled entities” means the Health Plan, the UUCEF, and any future entity that has a separate legal status but is under the authority of the Board.

I hope the board can take this up in June.

Please let me know if you have any questions.

Dan

## **Audit Committee Motion Concerning Competitive Bids from Service Providers**

May 2013

The Audit Committee recommends that the UUA Board of Trustees amend section 2.8 of the UUA Governance Policy Manual as follows:

### **2.8 Grants, Contracts, or Partnerships: UUA Governance Manual**

With respect to grants, contracts or partnerships, the President may not enter into any arrangement that is inconsistent with the Shared Vision (ENDS).

Further, without limiting the scope of the foregoing by this enumeration, the President shall not:

1. make payments on any substantial contract for consulting, legal, actuarial, benefit administration, training, insurance, fund management, investment advice, auditing, banking, and other

services for the Association or its controlled entities unless a) the contract has been put out for competitive bids within the past seven years, or b) the reason competitive bidding for the service is unwarranted has been described in the monitoring report on this policy.