

UUA Audit & Risk Committee – Minutes

24 Farnsworth Street, Boston

May 18, 2022

Members present: Mary Byron, Chair, Chris Harris, Judy Kleen, Azim Mazagonwalla, and Lucia Santini-Field

Members absent: None

Staff: Susan Helbert, Jason LeBeau, Carey McDonald, Andrew McGeorge, Rob Molla

CBIZ MHM: Cheryl Cadle, Merrill Puopolo

1. Minutes – Byron

Motion 1: to adopt minutes from the February 18, 2022 meeting: moved by Kleen, seconded by Harris, all approved.

2. FY22 Audit Plan – Cadle, Puopolo

- Presented the audit plan and approach for fiscal year 2022 for both the UUA and the Unitarian Universalist Common Endowment Fund (UUCEF).
- Will be a new audit report this year. Opinion will now appear first and will include responsibilities of the auditor and what that means. Provides clarity to the internal controls and what responsibilities the auditors are taking on the internal controls.
- Reviewed the service delivery timeline, the responsibilities of the audit committee, the board, and the UUA management team.
- Auditors will be forming and expressing an opinion on the fairness of the consolidated financial statements and supplemental information contained therein. Will provide a summary communication document regarding the results of the audit with their feedback and insights.
- Management should scrutinize investment valuations given the volatile market in FY22. Should consider the need to revalue the investments should there be significant changes between the last available valuation date and year-end.

3. Legal/Compliance Risk - McDonald

- UUA operates in 40 states and the District of Columbia. Requires daily/monthly monitoring.
- Key legal standards include job postings, pay range requirements, required employer reports, legal protections, etc.
- Keeping up with legal changes across the states is challenging and only becoming more complex. Anticipate the challenge will continue to grow as the UUA becomes more of a virtual organization.
- Risks include being fined or penalized by a governmental entity for failure to comply with a state's laws.

- Risk analysis should include any known incidences of fines or other actions for failure to comply.
- Legal/compliance risk mitigation strategy includes:
 - Maintaining master list of filings required across jurisdictions, sending out reminders to the appropriate person/department when filings are due and tracking responses.
 - HR staying abreast of trends and legal changes through professional contacts such as the Society of Human Resources Management, updates from the UUA's attorneys and, attending legal update webinars.
 - Maintaining sufficient HR capacity to regularly file compliance reports and monitor current legal requirements.
 - In order to demonstrate continuous skill building, should consider tracking webinars and other HR attended trainings.
 - As more new requirements are put in place across states, may need to hire assistance with monitoring and/or compliance.
- Audit and Risk Committee could monitor:
 1. Percentage of completed filings.
 2. Number of new filings being added for the year.
 3. Ratio of adjunct staff to regular staff.
 4. HR capacity and number of states where staff reside.
 5. Tracking consultant contracts for equity, classification, and procurement.
 6. Incidences of compliance judgements, fines, or penalties.

4. Individual Complaint Risk – McDonald

- Employee complaints are often litigation based but can be civil rights based.
- Risk is particularly acute related to discrimination, harassment, hiring or fair labor laws.
- In addition to monetary risk is the reputational and relational damage a lawsuit could cause.
- Best mitigation is consistent, good policies.
- Legal/compliance risk mitigation strategy includes:
 - Best mitigation is consistent, good policies.
 - HR maintains and updates the Employee Manual; new hires must sign acknowledging they received and reviewed it.
 - HR authorizes all hiring offers to confirm they are compliant with hiring procedures.
 - HR involved in all disciplinary conversations.
 - All staff required to attend regular anti-harassment training.
 - Maintain liability insurance.
 - Have labor attorney who reviews HR policies and regularly consults on cases and communications.
- Audit and Risk Committee could monitor:
 - Incidences of whistle blower, anti-harassment, affirmative action complaints.
 - Training statistic, type of and number of employees in attendance.

- Number and type of litigation claims.

5. Justice Equity Diversity and Inclusion (JEDI) – McDonald

- Risk is similar to that of an individual complaint. Key differences being an overall experience of staff, quality of culture, and management of the workplace. This a systemic risk versus an individual risk.
- Can be very harmful to reputation and relationships with key partners.
- Biggest risk is under-investment in “JEDI Workplace Commitments” which could in turn compound and individual complaint or litigation, or cause leadership continuity disruption.
- Steps taken to mitigate include:
 - Hiring a Director of Equity, Belonging and Change which oversees the JEDI goals.
 - Created the JEDI Team which is a cross-staff group nominated by peers.
 - Hired a Staff Learning and Relations Director, residing in HR, which leads key JEDI programs including:
 1. Regular staff learning opportunities for skill development.
 2. Increasing support for individual and team development.
 3. Support for staff identity-based affinity groups
 4. Conflict resolution coaches and practices.
- Every two years, survey employees on workplace culture through a cultural assessment.
- All supervisors are required to take The Managements Center’s basic management training.
- Regular updates to employee manual.
- In the midst of a compensation equity review. Compares current positions to the labor market, recommend a new grading system, and evaluate each employee’s compensation for equity.
- Will initiate employee acknowledgment of receipt of updated employee manual.
- Audit and Risk Committee could monitor:
 1. Cultural assessment results.
 2. Staff demographic data and changes.
 3. Retention figures.
 4. Completion of key projects such as compensation equity study.

Action item 1: McDonald to add additional context to the position of Director of Equity, Belonging and Change duties/responsibilities.

6. Commission on Institutional Change (CoIC) Implementation - McDonald

- High level of risk but not easy to quantify or manage as it effects all levels of UUA operations which may or may not be under UUA control but are seen as the “UUA”. The Ministers Association being an example.
- Skepticism exists on whether or not the UUA is willing and capable of sustaining the work called for.

- The risk here is the UUA failing, or be perceived to fail, in making meaningful progress toward recommendations from the Widening the Circle of Concern report.
- Commission report recommended the creation of an accountability commission, to be named later, which will work with the Board and staff leaders to monitor and shape the work over time.
- Reviewed implementation plan, chart, and how each fits into the core mission areas.
- Once accountability body is set up, need to determine the A&R Committees relationship with them from a monitoring standpoint.
- Audit and Risk Committee could monitor:
 1. The implementation reports.
 2. Creation of accountability body.

Action item 2: McDonald to share COIC implementation plan and Accountability Launch Group write up.

7. Next steps and follow-up actions – Byron

- ERM topics for the October meeting will be:
 - Investment performance
 - Fund raising
 - Health Plan viability
 - Ministerial misconduct
- ERM topic for February meeting will be:
 - Beacon Press
 - IT Security

Action item 3: Helbert to send termination dates to committee.

Action item 4: Byron to send out skills matrix to all members.

Action item 5: McDonald to update the ERM reports to include the monitoring items for each.

Committee expressed gratitude to Santini-Field for her years of service, support and guidance.

**Next Meeting:
October 3, 2022**