

To: The Board of Trustees

Subj: Results of the Audit Committee Policy Review.

This memo lists the motions associated with the Audit Committee's review of policies that we asked them to do. The last part of this memo is a quote from their memo listing the recommendations. Motions are categorized by those that should go into the Consent Agenda and those that are likely to need discussion. And there's one additional category, "Other motions ..." that came up in discussion of the Audit Committee's recommendations.

Motions - recommended for Consent Agenda (these have been submitted as part of the Consent Agenda)

Moved, Delete Policy Appendix 3b, "Recurring Agenda" *[obsolete]*

Moved, Delete the portion of Policy Section 4 entitled "Board Compliance Monitoring Tool" *[obsolete]*

Moved, Delete Policy 2.6.1.1.1, "2012 Budget Limit" *[obsolete]*

Moved that the following policies be monitored by the Audit Committee:

- 2.5.4, Plan Surplus Revenue,
- 2.7.5, Acceptance of Gift Guidelines,
- 2.7.7, Reporting of All Transactions.

Moved, in the second paragraph of Policy 2.5, delete the phrase, "without limiting the scope of the foregoing by this enumeration," *[not needed, just extra verbiage]*

Moved, change the text of Policy 2.6.4 to read, "Fail to periodically provide to the Board an assessment of current property holdings, including the elements specified for such assessments in policy 2.7.6. *[change of reference only]*

Moved, Delete all sub-policies under Policy 2.7.4.

1. "In the current operations budget segment, the President shall make every reasonable effort to avoid an operating deficit.
2. In the Beacon Press budget segment, the President
 - i. shall make every reasonable effort to limit any operating deficit to a level that is commensurate with the contribution of Beacon Press towards meeting the Ends of the Association,
 - ii. shall not spend or commit to spend on any single project an amount that exceeds 3% of Beacon's total expenses in the prior fiscal year, and

- iii. shall not spend or commit to spend on one or more projects amounts that would cause Beacon's liquid assets or its unrestricted net assets to fall below 20% of Beacon's total expenses in the prior fiscal year.
3. In the General Assembly budget segment, the President shall make every reasonable effort to avoid an operating deficit (after taking into account the surplus or deficit carried forward from the prior year).
4. In the UU [Unitarian Universalist] Common Endowment Fund budget segment, the President shall follow the Investment Policy (Appendix 2.B) and the Endowment Spending Policy (Appendix 2.H)
[Pending Changes Concerning Investment Policy](#)
5. In the Congregational Properties and Loan Fund budget segment, the President shall make every reasonable effort to avoid an operating deficit, and shall follow the Congregational Loan Policy (Appendix 2.A)." *[Unneeded level of detail.] [Rob, your call, this one might warrant some discussion, therefore, should not be with consent agenda motions.]*

Moved, Delete policy 2.7.8, travel / expense limitations. *[unneeded, covered by the travel reimbursement policy.]*

Moved, Delete Policy 2.8.

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). *[Unnecessary. EVERYTHING we do must be consistent with the ENDS.]*

Moved, in Policy 2.9, second paragraph, Delete "without limiting the scope of the foregoing by this enumeration," *[unneeded verbiage.]*

Motions requiring Board individual consideration:

Moved, Accept the special report Audit Committee, "Revision of Financial Policies" of September 12, 2014, with the Board's gratitude for their carefully considered policy change recommendations.

Moved, Policy 2.3 including all sub-policies will be monitored by the Audit Committee.

Moved, Change the text of Policy 2.3 to read:

"2.3 Treatment of Staff:

With respect to the treatment of paid and volunteer staff, the President may not cause or allow conditions that are inequitable, undignified, disrespectful, disorganized, unclear, or discriminatory.

Further, without limiting the scope of the foregoing by this enumeration, the President shall not fail to: permit and provide emotional space for the non-disruptive expression of dissent by any staff member; ensure staff-appointed committees and task forces reflect the full diversity of the Association; permit staff to work under unsafe conditions; operate without written personnel rules which include:

1. Confidentiality requirements
2. Prohibition of disclosure about the Association's internal affairs
3. Guidelines for internet, email and computer use.
4. Provision for effective handling of grievances, and
5. Policies addressing unethical conditions, real or having the appearance of being real, such as nepotism and preferential treatment for personal reasons.
6. Procedures to implement the Association's [Conflict of Interest policies](#) (Appendix 2J).
7. Procedures to implement the Association's [Whistleblower policies](#) (Appendix 2K).
8. Safety and ethics policies."

Moves a secondary list into the header paragraph. There is no substantive change in the meaning or intent of the policy.

Moved, Delete Policy 2.7.2, "Commit the Association to any initiative that lacks a clear and comprehensive funding plan." *[For most of what our Association does, there is no direct tie between a funding source and expenditures on a program that costs money.*

Moved, Delete Policy 2.7.3, "Provide less for the Board's budget than the amount determined pursuant to policies on "Cost of Governance" in "Section 3 Governance Process". *[Not needed. Ultimately, the Board makes the budget decision. Certainly the staff is asked to make recommendations, but the Board makes the decisions.]*

Moved, Delete all sub-policies under Policy 2.7.6.

1. Explain how facilities support the Association's Shared Vision, including the benefits and impacts of facilities on stakeholders, and including but not limited to historically marginalized voices.
2. Evaluate facilities needs within a long term strategic plan (at least 10-15 years).
3. Analyze the financial impact of facilities, including any savings or costs associated with changes.
4. Assess potential liabilities, including environmental remediation costs.
5. Ensure that facilities meet defined standards of accessibility, ease of logistics, and welcome.
6. Consider the symbolic and historic value of facilities in balance with future needs.
7. Assess the environmental impact of facilities.

[Unneeded level of detail.]

Moved, in Policy 2.9, Delete sub-policies 2.9.1 through 2.9.4.

1. Unnecessarily expose the Association's tangible and intangible assets to loss or damage by theft, embezzlement or other financial fraud, casualty, lack of maintenance, or other cause.
2. Allow the Association to be unprepared to respond to disasters and other crises.
3. Unnecessarily expose the Association, or its Board, volunteers, or staff, to claims of liability.
4. Unnecessarily expose the Association's intellectual property, information, and files to loss, damage, premature destruction, or improper disclosure.

[unneeded level of detail.]

Moved, in Policy 2.9.5 delete the following language,

Furthermore the President shall not:

1. Jeopardize right relationship with Meadville Lombard Theological School and Starr King School for the Ministry.
2. Jeopardize the historic relationship between the UUA and Harvard Divinity School.

Other motions concerning policy to be considered:

Moved, Delete policy 2.6.1.3, [to be presented at the April Board meeting] "A proposed budget for the following fiscal year, which will be received by the Board as information."

Extract from the Audit Committee memo:

"Below are the changes to the Board's financial policies recommended by the Audit Committee at their May 12, 2014 meeting.

"Those policies that are recommended to be monitored by the audit committee will be reported to the board by exception in the Committee's annual report to the board.

Policy #	Policy Name	Recommendation
2.3	Treatment of Staff	Monitored by audit committee.
2.3.1	Written Personnel Rules	No change except that monitoring shall be by the audit committee.
2.3.2	Expression of dissent	Move to 2.3.1
2.3.3	Geographic Diversity	Move to 2.3.1
2.3.4	Safety	Move to 2.3.1
2.4	Compensation and Benefits	No change
2.5	Employee Benefits for UU Organizations	Strike "Further . . . the President." Eliminate sub-policies 2.5.1 through 2.5.3
2.5.4	Plan Surplus Revenue	Monitored by audit committee
2.6	Financial Planning and Budgeting	No change to top level policy
2.6.1.1.1	2012 Budget Limit	Eliminate
2.6.2	Funding Initiatives	Eliminate
2.6.3	Cost of Governance Budget	No change
2.6.4	Property Holding Assessment	No change
2.7	Financial Condition and Activities	No change to top level policy
2.7.1	Annual Audit Cooperation	Strike "the audit shall address whether:". Eliminate all sub-policies 2.7.1.1 through 2.7.7.8.
2.7.2	Terms & Fund Spending Limits	Eliminate
2.7.3	Financial Reporting Requirements	Eliminate
2.7.4	Budget & Variance Monitoring & Reporting	No change to top level policy. Eliminate all sub-policies 2.7.4.1 through 2.7.4.5.
2.7.5	Acceptance of Gift Guidelines	Monitored by audit committee
2.7.6	Assessment & Approval for	No change to top level policy.

	Asset Transfers	Eliminate all sub-policies 2.7.6.1 through 2.7.6.7.
2.7.7	Reporting of All Transactions	Monitored by audit committee
2.7.8	Expenses Limitations	Eliminate
2.8	Grants, Contracts or Partnerships	Eliminate
2.9	Asset Protection	Strike "Further, without limiting . . . the President." Strike sub-policies 2.9.1 through 2.9.4.
2.9.5	UU Identity in Professional Ranks	Strike "Furthermore, the President shall not:". Eliminate all sub-policies 2.9.5.1 and 2.9.5.2.
3.9.3	Board Budget	Strike "The Board budget shall include:". Eliminate all sub-policies 3.9.3.1 through 3.9.3.4.
3.9.4	Reimbursable Expenses	Monitored by audit committee. Note that "Reimburseable" is misspelled in the policy.
3.9.5	President or Moderator Expenses	No change
3.9.6	Financial Advisor Candidates Expenses	No change
4.5	President Compensation & Benefits	No change

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Respectfully submitted,

Rob Eller-Isaacs
Lew Phinney