

UUA Audit Committee – Minutes

24 Farnsworth Street, Room 210
Boston, MA 02210
November 19, 2018

Members present: Sean Rush, Chair, Mary Byron (via Zoom), Chris Chepel (via Zoom) and Lucia Santini-Field

Member absent: None

Staff: Tim Brennan, Jason LeBeau, Kati Campopiano, Carey McDonald, Rob Molla, Jim Sargent, Karen Wheeler

Tofias: Cheryl Cadle, Merrill Puopolo

RSM: Jackie Caruso, Megan Cassidy, Greg Natalucci

UUA EBT Board: Karin Ferguson, Barbara Johnson, Tom Loughrey, John Vogt, Mike Wagner

1. Minutes – Rush

Motion 1: to adopt minutes from the May 17, 2018 meeting: moved by Chapel, seconded by Santini-Field, all approved.

2. UUA & UUCEF Audit Report – Burns, Puopolo

- Both received clean or unmodified opinions.
- Both fairly stated in all material respects in relation to the organization's consolidated financial statements and supplemental information.
- No audit adjustments were necessary.
- Financial disclosures are neutral, consistent, and clear.
- Review of revenue recognition showed no instances of fraud or illegal acts, no material uncertainties, and no significant change to the planned scope or approach were required.
- Conducted payroll testing and found the overall results were positive and there were no indications of any unusual activity.
- Discussed upcoming financial statement changes effective June 30, 2019.
- Discussed reporting changes upcoming in 2020 and 2021.

Action item 1: Tofias to update UUCEF total assets in the UUA Financial Statements to correspond with the reported assets in the UUCEF Financial Statements.

Action item 2: Tofias to send a letter to the UUA outlining the steps performed in the audit with regards to the Unitarian Universalist Congregation at Shelter Rock Collaborative Legacy Campaign.

Motion 2: To recommend to the UUA board of trustees the acceptance of the audit reports with modification discussed. Moved by Santini-Field, seconded by Chapel, all approved.

Action item 3: Rush to present the new charter to the Board for approval in January.

3. UUA Health Plan Audit Report – Natalucci

- Audit is substantially complete; waiting on SOC1 reports from Highmark and Express Scripts to be returned and for lag report of claim payments made through November 30th for claims incurred through June 30, 2018.
- Prepared to issue a clean or unmodified opinion.
- Fairly stated in all material respects in relation to the plan’s consolidated financial statements.

Motion 3: To recommend to the UUA board of trustees the acceptance of the audit report. Moved by Santini-Field, seconded by Johnson, all approved.

4. Enterprise Risk Management: UUA Health Plan – Sargent

- Milliman used the same set of rules as the National Association of Insurance Commissioners (NAIC) in determining what level of surplus is appropriate. NAIC sets risk-based capital (RBC) as the foundation which sets the target surplus levels that reduce the likelihood of financial ruin for an insurer.
- The RBC for programs like the UUA Health Plan is about 5% of one year’s premiums. The UUA’s target of 4 months of premium is approximately 670% of RBC.
- The current health plan unrestricted surplus is \$7 million.

5. Enterprise Risk Management: Driving diversity, inclusion and equity at the UUA – McDonald

- Identified as a risk factor due to last year’s uprising over white supremacy and the actions which took place thereafter.
- Presents reputational and relational risk.
- Three 2018-2019 missional priorities with an anti-oppressive vision:
 - i. Equipping congregations
 - ii. Supporting and training leaders
 - iii. Advancing our values
- Discussed possible ways to monitor and measure this risk.
- Created the Organizational Change Design Team, where the members were nominated by the staff. Team will be asked to report to the committee on a periodic basis and will have an opportunity to report in the executive session. This team created an anonymous feedback portal.

Action item 4: Brennan to circulate link to the report prepared by the Committee on Institutional Change.

Action item 5: McDonald to contact Taquiena Boston to prepare some articles and other information/suggestions to assist the committee in familiarizing themselves with this type of risk.

Action item 6: McDonald to discuss with the Organizational Change Design Team if they think a type of whistle blower system would be an effective tool.

6. Presidential Succession – McDonald

- Two gaps in the by-laws have been identified regarding presidential succession.
 - i. Between the time of a president’s departure and the board acting, who is in charge.
 - ii. No direction when the president is temporarily incapacitated.
- Discussed a succession protocol draft which contained recommendations for the order of succession.
- Need to identify the definition of temporary incapacitation.

Action item 7: McDonald to discuss draft proposal of succession protocol with our attorney.

Action item 8: McDonald to circulate new draft of succession protocol to committee for review after discussing with the attorney.

**Next Meeting:
February 25, 2019**