

MONITORING REPORTS

2.10 ASSET PROTECTION

Policy: The President shall not allow the Association's tangible, intangible and intellectual assets to be unprotected from undue risk or to be inadequately maintained.

Operational definition: The President shall take reasonable measures considered best practice in the management of nonprofit institutions to protect the Association's assets through insurance, policies and procedures, and ongoing monitoring.

Supporting data: See individual policies below.

2.10.1

Policy: [The President shall not] unnecessarily expose the Association's tangible and intangible assets to loss or damage by theft, casualty, lack of maintenance, or other cause.

Operational definition: The UUA will conduct a Facilities Condition Assessment annually, develop and monitor security policies and procedures, and obtain reasonable levels of insurance.

Rationale: Assets are best protected through pro-active polices and procedures that prevent their loss or damage. This includes having a diligent and responsive operations staff, conducting an annual Facilities Condition Assessment, and developing procedures that balance safety and security with the culture of openness valued by the UUA. When the inevitable losses do occur, assets are further protected through a program of insurance appropriate for the level of risk.

Supporting data:

Facilities Condition Assessment: A Facilities Condition Assessment (FCA) is a process of reviewing all of the building systems (roof, plumbing, HVAC, etc.), estimating when they would have to be replaced based on their useful lives, and calculating the cost (including a factor for inflation). The UUA conducted such an analysis in 2008 and 2009 and intends to complete the next iteration by March 30, 2010. These reports have been reviewed with the Finance Committee and are available for direct inspection.

Ongoing maintenance: The UUA is fortunate to have a Director of Operations with over 20 years of service to the Association and a dedicated staff. He has an intimate knowledge of each of the Association's buildings and reports on their condition twice per month to the Treasurer/CFO. Each year as part of the budget process (see policy 2.7.2.B), the Administration prepares a capital budget itemizing investments in facilities necessary to keep the buildings safe and well maintained. This budget uses the FCA as a

starting point but varies from it based on resources available and other priorities. The FY09 capital budget, approved by the board at its April 2009 meeting, is available for direct inspection.

Security procedures: The UUA's employee manual specifies security procedures covering:

- Routine and emergency building security
- Emergencies and first aid
- Fire

The employee manual is available for direct inspection.

Insurance coverage: The UUA maintains a full suite of insurance policies itemized below. Policies and coverage levels are reviewed with the Association's agent and carrier, Church Mutual Insurance Company. In addition, the UUA periodically reviews insurance coverage with a third party insurance consultant. The UUA carries the following policies:

Policy	Limit
Multi-Peril	
Property	17,603,100
General liability	1M/3M
Directors, officers and trustees	1,000,000
Employment practices liability	1,000,000
Employee benefits liability	1M/3M
Counseling	1M/3M
Workers Comp	500K/500K/500K
Auto	1,000,000
Umbrella	7,000,000
Media	5,000,000
Fiduciary liability	1,000,000
Crime coverage	1,000,000

Therefore, I report compliance.

Policy 2.10.2

Policy: [The President shall not fail to] allow access to material amounts of funds by persons who are not bonded.

Operational definition: In order to protect financial assets, the UUA obtains crime insurance on all employees who handle funds at reasonable levels; does background checks on employees who handle funds; and has policies and procedures regarding the handling of cash and securities.

Rationale: No explanation needed.

Supporting data:

Crime insurance

As stated above in 2.10.1, the UUA has obtained \$1 million in crime coverage that covers employee dishonesty and ERISA related claims (re: health insurance, retirement plan, and benefits) for all employees. An independent consultant from Risk Strategies reviewed the coverage carried by the UUA.

Background checks

The UUA Human Resources department conducts background checks on all UUA staff (excluding Beacon Press staff, but including Beacon financial staff) through Oxford Document Management Company as a condition of hire. The check includes criminal background (state and county), Social Security Number trace, and credit report review.

Policies and procedures

In their FY07 Management Letter, they recommended that the UUA develop a complete policy and procedures manual. At that time, the UUA had such a procedures manual, but it was not current and was not complete. The financial services staff has since created a comprehensive policy and procedures manual that addresses separation of duties. KPMG has reviewed the manual and removed this recommendation from the management letter. The manual is available for direct inspection.

Therefore, I report compliance.

Policy 2.10.3

Policy: [The President shall not] fail to provide an appropriate separation of financial duties among staff.

Operational definition: The AICPA states that the separation (or segregation) of duties (SOD) “is a basic building block of sustainable risk management and internal controls for a business. The principle of SOD is based on shared responsibilities of a key process that disperses the critical functions of that process to more than one person or department. Without this separation in key processes, fraud and error risks are far less manageable.”

Rationale: No one person should have complete control over any transaction, and each person's work should be a complementary check on another's work. For example, the internal control of cash is improved if the money handling duties are separated from the record keeping duties. By separating these duties the likelihood of theft is reduced because it would require two dishonest people working together to carry out the theft. SOD ensures the integrity of financial information by correcting errors and omissions as well as deterring improper activities such as fraud and misuse.

Supporting data:

The UUA's auditors, KPMG, review control procedures as part of their annual audit. Under AICPA Statement on Auditing Standards SAS No. 112 “Communicating Internal Control Related Matters Identified in an Audit,” the auditors are required to report on any

material control weaknesses. The standard specifically references segregation of duties as one of the control deficiencies, significant deficiencies, or material weaknesses that the auditors must report on. KPMG identified no such deficiency in its management letters for FY08 or FY09.

Therefore, I report compliance.

Policy 2.10.4

Policy: [The President shall not] allow the Association to be unprepared to respond to disasters and other crises.

Operational definition: There shall be clear and unambiguous guidelines for crisis response, with role clarity and methods of quick communication.

Rationale: There are numerous causes of and kinds of crisis that can and have affected the Association. It is necessary to have a plan that is flexible, responsive, and based on Unitarian Universalist values.

Supporting data:

Several years ago, a staff team was formed to create a plan that would address possible crises. A wide variety of institutions and individuals were consulted and the following principles were established: the plan was designed to provide for safety, be simple and clear, be flexible, be responsive, provide appropriate pastoral support, fill a prophetic role where justice issues were involved, be transparent, and to provide quick and effective communication. Additionally, it was agreed that resources needed to be coordinated, that collaboration with appropriate parties would be valued, that clear decision-making authority was needed, that outside resources and expertise be utilized, and that good stewardship be practiced.

Clear procedures for these principles have been established and plans are clear for harm to the Boston buildings, natural and human-made disasters, harm to individuals and reputational harm to leaders, congregations, or the Association. The plan was presented to the Board of Trustees in January of 2009 and is available for direct inspection.

Recent crises (natural disasters in parts of the country, the Knoxville shootings) have shown our response to meet the criteria set. We have worked closely and with increasing ease with other agencies and groups—the UUSC and the excellent UU Trauma Response Ministry. The crisis team continues to meet from time to time to assess matters that have been dealt with and to refine our procedures.

Therefore, I report compliance.

Policy 2.10.5

Policy: [The President shall not] unnecessarily expose the Association, or its Board, volunteers, or staff, to claims of liability.

Operational definition: Claims of liability arise principally from failures to monitor and manage risk, particularly with regard to safety and security. The UUA addresses these risks through security procedures and monitoring the safety of its buildings. In the event that there are claims, the UUA maintains liability insurance to minimize financial exposure.

Rationale: Studies by our insurance carrier, Church Mutual Insurance Company, show that most liability claims arise from slip and fall accidents.

Supporting data:*Building safety*

Periodically the UUA's insurance carrier conducts safety inspections of the Beacon Hill properties and issues a report with findings and recommendations. The most recent report is available for direct inspection. The UUA and all of its CMIC covered congregations participate in an Association-wide safety program. Annually, UUA staff, including the Treasurer and a representative of Congregational Life, meet with a team from CMIC and review every claim over the past year and significant trends. The team also develops plans to educate congregations about potential sources of liability and methods to address these risks. CMIC prepares a full report and analysis surveying all claims over the last three years. The report is available for direct inspection.

Security policies

In addition to the most common causes of liability claims, the UUA is cognizant of the relatively low, but potentially catastrophic danger of an armed attack. In light of this, a team of UUA staff has been assembled to develop enhanced security procedures and protections. For instance, recently an internet-based video monitoring system was installed for all of our Beacon Hill facilities and procedures were developed to guide staff in responding to an emergency.

Insurance

The UUA maintains the following liability insurance (see policy 2.10.1 above for additional detail.):

- general liability
- directors, officers and trustees
- employment practices liability
- employee benefits liability
- counseling
- plus and umbrella liability policy

Therefore, I report compliance.

Policy 2.10.6

Policy: [The President shall not] operate without a written and enforced Code of Ethics for all staff.

Operational definition: UUA staff shall operate under ethics policies—included in the *Employee Manual*—that address confidentiality, behavioral expectations, nepotism, and harassment.

Rationale: To provide a respectful working environment and a workplace free from discrimination.

Supporting data:

Staff-related policies and procedures are outlined in the *Employee Manual*. Codes of Ethics for credentialed religious professionals are addressed in Policy 2.10.7; the Codes of Ethics for credentialed religious professionals also apply to those religious professionals on the UUA staff. Co-employed District Staff are covered by the Code of Professional Practice contained in the “UUA Online District Handbook.”

The UUA *Employee Manual* addresses a code of ethics via a number of policies, including “General Work Expectations” (which addresses confidentiality), “Employee Performance and Behavioral Expectations” (which addresses issues such as violation of policy, work habits, respectful and courteous interpersonal interactions, disruptive conduct, breaches of trust, theft, conflicts of interest, insubordination, falsification of records, destruction of property), “Employment of Relatives” (which prohibits employment of relatives within the same UUA department), and “Harassment” (which addresses issues of discrimination and harassment based on race, color, national origin, religion, age, sex, sexual orientation, gender, or disability). The *Employee Manual* and District Handbook are available for direct inspection.

Therefore, I report compliance.

Policy 2.10.7

Policy: [The President shall not] fail to establish and implement:

- A. Safety and ethics policies applying to UUA sponsored events and conferences.
- B. Safety and ethics policies applying to professional staff and volunteers acting on behalf of the Association, and religious professionals credentialed by the Association.

Operational definition: Policies dealing with safety and ethics will cover respectful interpersonal behaviors in community, appropriate sexual boundaries, and financial accountabilities.

Rationale: To protect staff, volunteers, credentialed religious professionals, members of the community and conference attendees.

Supporting data:

Safety and ethics policies applying to professional staff acting on behalf of the Association are covered in Policy 2.10.5 and Policy 2.10.6.

Safety and ethics policies for credentialed religious professionals are covered by the following documents: “The UUMA Guidelines for the Conduct of Ministry” for UU ministers; the “LREDA Code of Professional Practices” for religious educators; and, the “Unitarian Universalist Musicians Network Code of Professional Practices” for musicians all of which are available for direct inspection. Policies for youth and young adult conferences and those working with youth and young adults have been created and are available for direct inspection.

There is no one policy covering all volunteers. This will be developed by November, 2010.

There is no one policy applying to UUA-sponsored events and conferences. The “Code of Ethics and Policy on Sexuality and Community for Youth and Sponsors” applies to youth and youth leaders attending General Assembly Youth Caucus events. Policies applying to UUA-sponsored events and conferences will be developed by November, 2010.

Therefore, I report noncompliance.

Policy 2.10.8

Policy: [The President shall not] make significant purchases or enter into contracts without:

- A. Obtaining comparative prices and quality data, and
- B. Assuring a reasonable balance between long-term quality and cost.

Operational definition: This policy covers centralized purchases by the Association. “Significant purchases” are one-time purchases of \$10,000 or more or ongoing contractual commitments amounting to \$10,000 or more per year.

Rationale: The purchasing function at the UUA is decentralized. That is, each staff group makes its own purchasing decisions for such items as travel, meetings, and supplies. Therefore, this policy covers items and services that are purchased centrally including capital items, computer hardware and software, major equipment, furniture, General Assembly, insurance and benefits, and consulting and auditing services.

Supporting data:

Capital items

Building improvements and major repairs are managed by the Operations department which reports to the Treasurer. For all capital items in excess of \$20,000, at least three bids are required. These are submitted to the Treasurer and reviewed with the Operations Director prior to signing the contract.

Computer hardware and software

Computer hardware and software purchases are controlled by the Director of ITS. The department sets standards for computer hardware that limit purchase to compatible manufacturers and models. Sources of equipment are reviewed regularly and selections made by balancing price and service.

Major equipment, furniture and utilities

Purchasing of these items is management by the Operations Director. When an item of major equipment is being procured, such as the copier/printers or the telephone system, bids are solicited from multiple vendors. These are reviewed with the Treasurer and, when appropriate, the Executive Vice President before a purchase commitment is made.

General Assembly

General Assembly involves major financial commitments for lodging, convention center, and audio/visual/media services. These purchases are managed by the GA Office and the GA Planning Committee. All contracts are signed by the Treasurer. The selection of a GA site is a multi-year process involving visiting prospective sites, negotiating with providers, and specifying our green meeting and accessibility requirements.

Insurance and benefits

Contracting for insurance is co-managed by the UUA Human Resources office (for UUA staff benefits) and the Office on Church Staff Finance (for congregational benefits). These contracts are reviewed annually and providers sought who can provide superior service and competitive prices while meeting the UUA's mission.

Auditing services

The engagement of the audit firm is the responsibility of the Board of Trustees as advised by the Audit Committee. Currently the Audit Committee's policy is to circulate an RFP at least once every five years, but not necessarily to change firms with the same frequency. Managing the issuance of the RFP and the review process is the responsibility of the Treasurer. A subcommittee appointed by the Audit Committee will review all of the proposals and recommend up to three firms for final consideration. Those firms will make presentations to the Audit Committee which will make the selection.

Therefore, I report compliance.

Policy 2.10.9

Policy: [The President shall not] fail to take reasonable steps to protect intellectual property, information and files from loss or significant damage.

Operational definition: Protecting intellectual property, information and files involves protecting physical paper files, electronic data files, and archival material.

Rationale: Different levels of security are appropriate for different kinds of information.

Supporting data:

Physical files

Financial and investment files are maintained in the financial services offices and the Treasurer's offices. Non-current files are stored in two locked file rooms in the basement of 25 Beacon Street. Payroll files are kept in locked cabinets in the payroll accountant's office which is locked when she is not present. Archival files of high value are kept in the vault on the 3rd floor of 25 Beacon St. Personnel files are maintained in the locked Human Resources offices in locked cabinets. Confidential files on ministers are maintained by the Ministry and Professional Leadership office. These files are currently being scanned for electronic filing with the DocStar system. It is contemplated that this technology will be applied to other areas of the UUA in the future.

Electronic data files

The UUA's file servers, which house all electronic data files, are kept in a secure room at 25 Beacon Street. The room has a specialized fire suppression system and a dedicated cooling system to maintain the servers at ideal operating temperatures. The entire system is backed up daily and tapes removed from the premises and stored at 41 Mount Vernon Street.

Archival material

Essential historical documents, such as board minutes, annual financial reports, general ledgers, etc., are stored in the vault on the 3rd floor of 25 Beacon Street. Only the Treasurer has the combination to the vault. Items such as old congregational files, portraits, A/V material (like reel-to-reel tapes, 35mm film, etc), old glass slides of church buildings is kept in the locked archive storage room in the basement of 25 Beacon. Other archival material has been moved to the Harvard University Library.

Therefore, I report compliance.

Policy 2.10.10

Policy: [The President shall not] fail to use methods of collecting, reviewing, transmitting, or storing information that protect against improper access to the material.

Operational definition: In the course of operating the Association's programs, we collect a large volume of data on staff, volunteers, and congregational members. This includes mailing addresses, email addresses, social security numbers and credit card numbers.

Rationale: Policies and procedures must address each class of information with the appropriate level of confidentiality and security.

Supporting data:

Email and mailing addresses

Email addresses are never furnished to 3rd parties. Receipt of an email address from a person implies permission for any business office of the UUA to communicate with that person via email for any purpose. The UUA provides a means for any person with an email address on file at the UUA to indicate their opt-in and opt-out preferences. A database of mail addresses is maintained for the sending of UU World magazine. In addition, the office of Stewardship and Development maintains a database of addresses and other information in Raiser's Edge. This data is on a secure server and is not accessible without authorization.

Confidential information

Confidential data, such as social security numbers and credit card numbers, are subject to evolving regulations and industry guidelines. The UUA has developed policies and systems to insure that our handling of such data will be compliant by the respective deadlines. This involves electronically surveying all of the servers and local storage devices, working with the departments that use such data, and developing policies and protocols to keep the data safe.

Our Data Security and Privacy Policy addresses the collection, use, and safekeeping of data about individuals in the UUA's electronic database. The information is stored in a computer database on the UUA's Boston premises. The computers are in a climate-controlled room that is locked at all times and equipped with a modern fire suppression system. Sensitive data such as employee social security numbers are encrypted within the database. The databases are periodically encrypted and copied to magnetic tape, and the tapes are removed and locked in a different building. There is no direct link between the databases and any public websites.

Online access to the databases requires knowledge of a valid user ID and password. Access to specific types of information, and rights to view or change information, are strictly limited by each authorized person's role as assigned and overseen by both a system administrator and a database administrator.

Information on minors

Personal data about our young people rate an additional level of diligence. Personally identifiable information about individual people under 18 years of age is never made available to anyone outside the UUA. (All UUA staff are subject to criminal background checks prior to employment.) Information about persons younger than 18 has a special flag in the database. That flag prevents the information from being included in any list or being displayed in any other way to an individual or automated process lacking special permissions set within the system to do so.

Therefore, I report compliance.

Policy 2.10.11

Policy: [The President shall not] endanger the organization's public image or credibility, particularly in ways that would compromise the Shared Vision (ENDS), as adopted in collaboration with the President.

Operational definition: The UUA has a Shared Vision agreed to by the Board of Trustees and the President. The public image and credibility of the Association are understood to be a priority of the first order.

Rationale: No explanation needed.

Supporting data:

The President regularly consults with senior staff and others as needed when deciding on matters of public policy. Decisions about public statements are made only when they are grounded in General Assembly resolutions or Board policy. Decisions to join as *amicus curiae* in legal briefs are made based on those same formal policies.

The President has named three priorities for his administration: growth of Unitarian Universalism; a new ministry for a new age; and public witness and social action. These are understood to be wholly congruent with the Shared Vision.

Therefore, I report compliance.