

Members: Ken Marshall, Gretchen Menn, Paula Bendl Smith, Steve Brannon, (ex officio)

Background

Committees of the Board ordinarily prepare policy alternatives and implications for Board deliberation and are usually convened for the short term. The June 2014 Board minutes reflect that David McTaggart reviewed a proposal by the Audit Committee to revise the Executive Limitation about an audit every year by an outside accounting firm. The Board approved the proposed change to Executive Limitation 4.6.8 to have an outside audit every other year and an internal audit during the off years. In doing so, the Board noted how very helpful the internal audit had been to the Board in its work.

Actions Taken

An audit of UUCA's finances for the year ending June 30, 2014 was conducted by the UHY firm in the fall of 2014.

The audit committee reviewed the 2014 UUCA Audit financial statement and management letters submitted by UHY/ CPA dated December 22, 2014. On January 11 Chad Ohlandt, Brian Smith and Beth Enriquez met with the committee and discussed the committee's questions.

Conclusions and Implications

No entries were observed by the auditors which were considered significant or unusual. Several very material adjustments were required to justify balances for the years ending in June 2013 and 2014. After review of management letter and in consideration of the explanations given by UUCA financial staff, the audit committee came to the following conclusions and recommendations:

- Material adjustments made to correct balances at the end of 2013 and 2014 were necessary to bring bookkeeping in line with auditor recommendations for depreciation and internal fund transfers related to construction . The auditor noted that the transfers had a zero net effect but could unintentionally overstate revenue. The adjustments will make future financial statements easier to understand.
- All material adjustments recommended by the auditor have been made.
- The auditor recommended a yearly audit or a financial review in years between audits. Given the value of the 2013 internal audit by a committee of the Board, a review of practices of other churches, and the cost of a yearly audit the committee concluded a full external audit every year was unnecessary.
- The committee requested that staff ask UHY for a description of an off year financial review and a cost estimate for: 1) a multi-year contract for audits every other year and 2) a financial review in the years in between. This should be compared to UUCA's existing contract with UHY.

Prepared by Paula Bendl Smith