

FUUCA Board of Trustees

Meeting date: **Tuesday, June 19, 2012** **Started: 6:30 PM** **Ended: 9:30 PM**

Location: FUUCA

Purpose/Notes: Regular scheduled meeting

Chaired by: Susan Thomson

Minutes rec. by: John Franks

Attendance:

Present: Meg Barnhouse, Ann Edwards, John Franks, Sean Hale, Eric Hepburn, Michael Kersey, Ken Pfluger, Russell Smith, Susan Thomson

Regrets: Bruce Barker, Carolyn Gremminger, Chris Jimmerson, Michael Le Burkien

Absent:

Late:

Guests:

Eugene Balaguer (present), Luther Elmore (present), Richard Halpin (present), Joseph Hunt (absent), Kim Osmer (absent)

Meeting Documents:

(no documents)

Meeting Minutes:

1. Committee business

1.1. Chalice Lighting and Opening Words

Susan Thomson

Susan Thomson opened the meeting at 6:35 PM

Report:

Status: Completed

1.2. Reading of Board Covenant

Susan Thomson

Report:

Status: Completed

1.3. Confirm Timekeeper and Process Evaluator

Susan Thomson

Michael Kersey confirmed as timekeeper and Eric Hepburn as Process Evaluator.

Report:

Status: Completed

1.4. Approve Agenda and Consent Agenda

John Franks

Limit interpretation 2.8 item moved to regular board agenda.

Remainder of consent agenda approved.

Report:**Documents:**

- Final DoFO Report VI-12.pdf
- limit interp 2-8 support of board VI-12.doc
- May 2012 F Report Coversheet 15-VI-12.doc
- May 2012 financial report 15-VI-12.xls

Status: Completed

1.5. Visitors Forum

Susan Thomson

Report:**Status:** Completed

1.6. Recognition of Church Volunteers and Staff

Ann Edwards

Three thank you cards were written to:

Faith Presbyterian Church for the use of their facility for the board retreat.

Roseanne Reeser and Donna Howard for their work on the \$30,000 matching challenge grant.

Report:**Status:** Completed

1.7. Moment with Meg

Susan Thomson

Rev. Meg discussed the bequest by Martha Leipziger to the church. This is an unrestricted bequest. Rev. Meg will be allocating the funds as follows per unrestricted bequests policy.

Unrestricted bequests will get allocated in the following manner:

- 10% to the Justice Fund
- 10% to the church's Savings Fund
- 80% to the Living Our Mission Fund.

Rev. Meg will likely reconfigure her vacation time to two week periods in January and June in 2013.

The UUA Southern Region reorganization was discussed. There is still a SW District but Susan Smith now is Full-time Teaching, Organizational, Program and Developmental Staff Rev. Susan Smith - Administration. See Connie Goodbreads full report here for further information.

www.uusouthland.org/.../2012_MSD_Acting_DE_Annual_Report.pdf

Report:**Status:** Completed

2. Old business

No Old business

3. New business

3.1. Internal Audit Committee Report on Payroll

Eugene Balaguer

Luther Elmore, Eugene Balaguer , Kim Osmer, Joseph Hunt and Richard Halpin.

Eugene Belagueer presented the audit report with their recommendations.

Sean Hale stated that all recommended items are being worked on. Recommendation 7 is complete.

Eric Hepburn suggested that the audit should sync with the board monitoring schedule and policies.

Report:

First Unitarian Universalist Church of Austin

Payroll Audit Report

May 5, 2012

Introduction

The Board of Trustees of First Unitarian Universalist Church of Austin in March 2010 created an Internal Audit Committee with the purpose of improving the Board's control of the administrative functions of the Church. In general, the Internal Audit Committee is asked to perform audits of different aspects of the administrative functions of the Church on a rotating basis, the first of which, as directed by the Board, is the payroll function.

What we did:

To assess compliance with rules, regulations, and accepted practices of the timekeeping and payroll systems and salary payment process, we selected a sample of eight employees and two payroll periods. We tracked the process from hiring through the payment of the salary to the employee and deposits of withholding taxes to the IRS. To do this we examined the following records to see if they were available and filled out correctly:

Employment Contract or letter of employment

I-9 and W-4 forms

Time sheets

Wage and withholding calculations

Supporting information for non-payroll reimbursement

Sick time and vacation accrual calculations

Withholding tax deposits to the IRS

W-2s issued correctly and on time.

What we found:

In examining the material we found some errors detailed on the attached addendum. These included:

Contracts or letters of employment incomplete or missing

I-9 forms incomplete or missing

Inconsistencies in time sheet calculation method

Incorrect wage and withholding calculation(s)

OPINION

In our opinion, the timekeeping and payroll systems mostly comply with internal, Federal and State requirements, and with accepted payroll practices. Accounting practices were carried out in a way that, in general, resulted in correct payment of salaries to employees and withholding and deposit of payroll taxes.

We have identified some errors that need to be corrected. We found important areas that need to be improved: a list of specific exceptions and recommendations is attached in the addendum.

Sincerely,
Eugene Balaguer, Chairperson
Committee Members: Richard Halpin, Joseph Hunt, Kim Osmer
Board Representative: Luther Elmore

ADDENDUM

Exceptions and recommendations:

- *1. I-9 forms are, in general, not maintained correctly. Some are missing, others lack information or signatures. We recommend the administrative procedures warrant that no employee payment is issued unless these forms are completed.
- *2. In three instances in the sample we could not find a contract or employment letter that would verify the date of employment and the approved pay rate. The Church administration provided this information subsequently at our request. We recommend the administrative procedures warrant that a letter of employment is issued before an employee starts working, as well as a letter communicating a change in pay rate, and that copies these letters are maintained in the office files.
- *3. In two instances in the sample the Federal Income Tax amount withheld was inconsistent with the directions provided in the form W-4 on file. It appears that the employees requested a change to the withholding amounts and the amount withheld was done according to the employee's wishes.
- *4. We recommend the administration verify that all current employees have W-4s on file and that they are consistent with the actual amounts withheld. The administrative procedures must warrant that a W-4 exists on file and the amounts withheld are correct before a pay check is issued and that any change to withholdings is done by filing an updated W-4.
- *5. The way time is recorded is inconsistent through the time keeping and payroll forms; some times expressed in minutes while other times in a decimal form. This practice makes calculations difficult and can easily lead to errors; therefore, we recommend the use of a single consistent way of accounting for time,

preferably a decimal format.

*6. There is an inconsistency in calculating bi-weekly (BW) payroll for salaries expressed in annual rates: in average the year has 365.25 days, and when divided in periods of 14 days results in 26.089 periods. As a result, an annual salary of \$10,000, which BW pay is calculated as $10,000/26=384.62$ should have been correctly calculated as $10,000/26.089=383.30$ or a difference of \$1.32 per pay period or \$34.44 overpayment a year for a \$10,000 salary.

This is a common problem for organizations having a convenient BW payroll, which is usually solved by expressing salaries as an hourly rate or as a rate per pay period. But, if for whatever reason the salary needs to be expressed as an annual amount, the correct BW conversion should be $ANNUAL\ SALARY/26.089=BW\ salary$.

*7. BW payments to Margaret Barnhouse to compensate for FICA tax were miscalculated. Under the contract the Church should pay Margaret Barnhouse 7.65 % of her gross salary as compensation for the employer portion of social security taxes; at the time of the audit, this amount is being calculated as \$338.08 per pay period, when it should have been $\$3,380.77 \times .0765 = \258.63 , which represents an overpayment of \$79.45 or \$2,065.70 annually.

*8. We recommend that an employment checklist should be initiated and this be reviewed for currency and completeness by staff. We recommend each current employee file be reviewed for completeness, and corrected as appropriate. We recommend the FUUCA Board request a report on the completion of the employment checklist and these other recommendations via a face to face review by staff within six months.
Status: Completed

3.2. Assessing the past (monitoring)

Susan Thomson

Report:

Status: Completed

3.2.1. Interpretation of 2.8 Communication and Support of the Board

Meg Barnhouse

Discussion was held regarding staff support of board activities, specifically logistics for board retreats and congregational mailings. The Policy Workgroup's has an assignment to explore whether a policy addressing logistical and administrative support to the board should be added to our board policies. Policy interpretation of 2.8 was approved.

Report:

Status: Completed

3.2.2. Break

Susan Thomson

Snacks, Ann Edwards

Report:

Status: Completed

3.3. Learning and Creating the Future Report:

Susan Thomson

Status: Completed

3.3.1. Future Focus Topic: "How Responding to People's Needs Hurts the Church".

Michael Kersey

Future Focus Topic: "How Responding to People's Needs Hurts the Church".

Below you will find a link to an article with a very engaging title: "How Responding to People's Needs Hurts the Church." Please read it and be prepared to discuss your thoughts about it at our board meeting next week. In particular, as you read it, reflect on any new insights it may provide you about our church's values and ends and the future for First UU. <http://www.alban.org/20church%20terms=people%20come%20to%20conversation.aspx?id=6156&http://www.alban.org/>

Report:

Board discussed the topic and agreed that having the church focus on individual needs can interfere with the churches larger ends.

Status: Completed

3.3.2. "Book Selection for New Board Year."

Susan Thomson

President Susan Thomson had taken on the task of "book selection. Our Unity consultant Laura Park had mentioned the book "Theory U: Leading from the Future as it Emerges. It was felt this title was good but not a good fit for our monthly book study.T

The book selectid is "Failure of Nerve" by Margaret M. Treadwell and Edward W. Beal. We plan to start on this book in September.Edwin Friedman,

We also agreed to watch the Tandi Rogers video and discuss it at the meeting, and we will read another short article together in August before beginning the Friedman book in September.

"

Report:

Status: Completed

3.3.3. "Board Calendar Update."

John Franks

3 items were left off the calendar that we will need to schedule.

3 items we are considered adding to the board calendar

- strategies for bringing remaining bylaws changes to the congregation,
- enhanced policies on linkage
- board discussion on direct inspection.

It was decided to add the linkage policy discussion to the September agenda and the direct inspection discussion to the October agenda and delay adding the strategies for bylaws changes until we have a discussion or report on any recommended bylaws changes.

Report:

Documents:

- Retreat Summary 2012.6.2.doc

Status: Deferred: 9/18/2012

3.4. Draft Monitoring Checklist

Susan Thomson

Monitoring group took an action item to look over Monitoring Checklists and give recommendations.

Report:

Documents:

- Monitoring Worksheet.doc
- UUA Board's Monitoring Checklist.pdf

Status: Completed

3.5. Board Development Scenario #1--Eric

Eric Hepburn

Board was going to do a development scenario but because the meeting was running late it was decided to have board members complete a Policy Governance 360 questionnaire to assess the current knowledge level of board members.

Report:

Status: Completed

3.6. Executive Session

Susan Thomson

Report:

Status: Completed

3.7. Board sets Ministers Salary limit

Susan Thomson

Board set Rev. Meg's upper salary limit to \$100 K. UUA has changed Austin's Geographical Area Code from 2 to 3 to reflect the higher cost of living here in Austin. Current MidRange salary for FUUCA size church is \$93.5 K. Revised upper limit reflects board's faith and confidence in Rev. Meg and the work she is doing.

Report:

Status: Completed

4. Committee business

4.1. Action Items

John Franks

John - update web site regarding Thank You cards

- Send link of Tandi Rogers talk to board and staff
- Add May Board meeting minutes to July board meeting agenda

Erik H - Send out Policy Governance 360 survey/questionnaire

Sean H - Complete action items on Payroll audit by August 2012, October for internal audit group??

Policy Working Group, Look at Policy 2.8 for event policy support
Monitoring Working Group, Try out monitoring checklist in August for Policies 2.3 and 2.4
Board - Try out Limitation Worksheet

Report:

Status: Completed

4.2. Process Evaluation

Susan Thomson

Eric H as process observer noted that process worked well but could use some more direction by chair. Also that timekeeper should issue warnings prior to time running out on discussion items.

Report:

Status: Completed

4.3. Reading of Board - Executive Covenant

Susan Thomson

Report:

Status: Completed

4.4. Extinguishing the Chalice and Closing Words

John Franks

Report:

Status: Completed

Recording Secretary:

Chairperson:

Date:
