

# First UU Austin

# Governing Policies



**WARNING:** This Document Unleashes Energy  
and Creativity. Handle with Care!

Revised September 19, 2013

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# 1. Values / Mission / Ends

## 1.1. Values

<i>Transcendence</i>	To connect with wonder and awe of the unity of life
<i>Community</i>	To connect with joy, sorrow, and service with those whose lives we touch
<i>Compassion</i>	To treat ourselves and others with love
<i>Courage</i>	To live lives of honesty, vulnerability, and beauty
<i>Transformation</i>	To pursue the growth that changes our lives and heals our world

[Revised: June 12<sup>th</sup> 2010]

## 1.2. Mission

*At First UU Church of Austin, we gather in community to nourish souls, transform lives, and do justice.*

[Revised: June 12<sup>th</sup> 2010]

## 1.3. Moral Ownership

The moral owners of First Unitarian Universalist Church of Austin are those on whose behalf we pursue our mission, including past, present and future members and friends of our church, our denomination, and the surrounding community.

[Revised: October 18<sup>th</sup> 2011]



## **1.4. Ends**

1.4.1. First UU Church of Austin is an intentionally hospitable community where:

- a. All people are treated with respect and dignity
- b. All people of goodwill are welcomed
- c. People are supported in times of joy and need
- d. People find connection with one another in fellowship
- e. We are fully engaged and generous with time, treasure and talent
- f. We invite people of goodwill to find a spiritual home with us
- g. We engage as UUs in public life

1.4.2. First UU Church of Austin nourishes souls and transforms lives by:

- a. Engaging and supporting one another in spiritual practice and growth
- b. Providing worship, programs and activities that awaken meaning and transcendence
- c. Providing a caring, supportive and safe place to rekindle the spirit

1.4.3. First UU Church of Austin witnesses to justice in our personal lives and beyond, by:

- a. Practicing liberal religious values in the public arena
- b. Empowering all people to access the richness of life
- c. Providing leadership to the greater UUA community to expand the reach of our movement
- d. Partnering with the interfaith community to live our shared values

[Revised: Dec 20<sup>th</sup> 2011, June 12<sup>th</sup> 2010]

## **2. Executive Limitations**

The Senior Minister shall not cause or allow any practice, activity, decision, or congregational circumstance that is unlawful, in violation of professional ethics or commonly accepted business practices, or inconsistent with our values.

[Revised: December 21st 2010]

## **2.1. Treatment of Congregants, Friends and Visitors**

With respect to interactions with congregants, friends and visitors of the church the Senior Minister shall not allow conditions, procedures, or decisions that are unsafe, disrespectful, unnecessarily intrusive, or that fail to provide appropriate confidentiality and privacy.

Accordingly, the Senior Minister shall not:

- 2.1.1. Violate the confidentiality of congregant pledge information, except as required by congregants of the Finance and Canvass Committees to carry out their responsibilities.
- 2.1.2. Fail to provide a reasonable level of safety, upkeep, access and functionality for the facilities.
- 2.1.3. Fail to maintain and enforce procedures to ensure the safety of congregants and children while at the Church or at Church functions.
- 2.1.4. Fail to establish, publicize and follow written policies for processing congregant grievances and suggestions.
- 2.1.5. Fail to maintain a serious breach of covenant process.

[Revised: December 21st 2010]

## **2.2. Treatment of Staff**

With respect to the treatment of paid and volunteer staff, the Senior Minister shall not cause or allow conditions or practices that are unsafe, unclear, disrespectful or unprofessional. Accordingly, the Senior Minister shall not:

- 2.2.1. Operate without written personnel policies that provide for effective handling of employee evaluation and grievances, and protect against wrongful conditions such as harassment and preferential treatment.
- 2.2.2. Fail to make available to staff a written copy of the personnel policies.
- 2.2.3. Prevent staff from approaching the Board when internal grievance procedures have been exhausted and the employee alleges either that:
  - a. Board policy has been violated to the employee's detriment, or
  - b. Board policy does not adequately protect the employee's rights.
- 2.2.4. Discriminate among existing or potential staff/volunteers on a basis other than clearly job-related criteria, individual performance, or individual qualifications.

[Revised: December 21st 2010]

### **2.3. Financial Planning / Budgeting**

Financial planning for any fiscal year or remaining part of any fiscal year shall not deviate materially from the Board's Ends priorities, risk fiscal jeopardy, or fail to be derived from a documented Long Range Staffing and Financial Plan.

Accordingly, the Senior Minister shall not allow budgeting that:

- 2.3.1. Fails to communicate a reasonably accurate projection of revenues and expenses, separation of capital and operational items, cash flow, and disclosure of planning assumptions.
- 2.3.2. Provides less for Board prerogatives during the year than is set forth in the Cost of Governance Policy.
- 2.3.3. Plans the expenditure in any fiscal year of more funds than are reasonably projected to be available in that period.

[Revised: January 18th 2011]

## **2.4. Financial Conditions & Activities**

With respect to the congregation's actual, ongoing financial condition and activities, the Senior Minister shall not cause or allow the development of financial jeopardy or deviation from priorities established in Ends policies or Long Range Staffing and Financial Plan.

Accordingly the Senior Minister shall not:

- 2.4.1. Allow actual allocation to deviate materially from congregationally approved budget priorities, unless authorized by the Board.
- 2.4.2. Borrow any amounts without prior Board approval.
- 2.4.3. Fail to establish, maintain, and communicate an appropriate gift acceptance policy for both unrestricted and restricted gifts that includes provisions for donor-designated purposes and allows for the acceptance or rejection of gifts.
- 2.4.4. Accept or disburse gift income that is contrary to the church's Mission, Values, Ends and Unitarian Universalist Principles.
- 2.4.5. Designate funds in manner inconsistent with the donor's intentions or in a manner inconsistent with best accounting practices.
- 2.4.6. Expend any endowment or designated funds other than for the purposes determined at time of receipt or designation.
- 2.4.7. Fail to maintain current, accurate, auditable financial records or to make such records available to the Board, authorized auditors or other appropriate persons as requested.
- 2.4.8. Fail to settle payroll and other obligations in a timely manner.
- 2.4.9. Allow tax payments or other government-ordered payments or filings to be overdue or inaccurately filed.
- 2.4.10. Commit the church to any contract outside of approved budget authority.

[Revised: February 15th 2010]

## **2.5. Continuous Operations Plan**

In order to protect the church and Board from sudden loss of the Senior Minister, the Senior Minister shall not fail to maintain a continuous operations plan.

[Revised: January 18th 2011]

## **2.6. Asset Protection**

The Senior Minister shall not cause or allow Church assets to be unprotected, inadequately maintained, or unnecessarily risked.

Accordingly, The Senior Minister Shall not:

- 2.6.1. Fail to insure against theft and casualty losses and against liability losses to Board members, staff, and the organization.
- 2.6.2. Fail to seek professional, independent financial advice to guide investment decisions.
- 2.6.3. Fail to operate based on a clearly articulated investment plan, that may include mutual funds or Exchange Traded Funds (ETF), but that shall not include individual securities.
- 2.6.4. Allow un-bonded personnel access to material amounts of funds.
- 2.6.5. Allow facilities, premises, and equipment to be subject to improper wear and tear or insufficient maintenance.
- 2.6.6. Fail to protect intellectual property, information, and files from loss or significant damage, or the lack of application of appropriate documentation and retention standards.
- 2.6.7. Fail to seek competitive bids when appropriate.
- 2.6.8. Receive, process, or disburse funds under insufficient controls.
- 2.6.9. Maintain material amounts of church funds outside either federally insured accounts or investments made pursuant to the clearly articulated investment plan.
- 2.6.10. Endanger the organization's public image or credibility.
- 2.6.11. Fail to follow UUA guidelines for Socially Responsible Investing to ensure that our investments are reasonably consistent with our values.

[Updated: Nov 15th 2011]



## **2.7. Compensation & Benefits**

With respect to employment, compensation and benefits to employees, consultants, and contract workers, the Senior Minister shall not cause or allow jeopardy to fiscal integrity and shall not fail to strive for fair compensation.

Accordingly, the Senior Minister shall not:

- 2.7.1. Change his or her own compensation, benefits, or allocated professional expenses as established by the Board.
- 2.7.2. Promise or imply permanent or guaranteed employment.
- 2.7.3. Establish current compensation and benefits that:
  - a. deviate materially from the geographic market for the skills employed
  - b. create contractual obligations over a term longer than revenues can be safely projected and in all events subject to losses of revenue.
- 2.7.4. Establish compensation and benefits so as to cause unpredictable or inequitable situations.

[Revised: January 18th 2011]

## **2.8. Communication and Support of the Board**

With respect to providing information and counsel to the Board, the Senior Minister shall not cause or allow the Board to be uninformed or unsupported in its work.

Accordingly, the Senior Minister shall not:

- 2.8.1. Fail to submit the monitoring data required by the Board in a timely, accurate, and understandable fashion, directly addressing provisions of the Board policies being monitored.
- 2.8.2. Fail to report in a timely manner an actual or anticipated non-compliance with any policy of the Board.
- 2.8.3. Fail to inform the Board in a timely manner of material external and internal changes, particularly changes in the assumptions upon which any Board policy has previously been established.
- 2.8.4. Fail to gather sufficient staff and external points of view, issues, and options as needed for fully informed Board decisions.
- 2.8.5. Fail to report to the Board behavior or conditions that are detrimental to the work relationship between Board and the Senior Minister.
- 2.8.6. Fail to advise the Board if, in the Senior Minister's opinion, the Board is not in compliance with its own policies.
- 2.8.7. Fail to recommend changes in Board policies, as the need becomes known to the Senior Minister.
- 2.8.8. Deal with the Board in a way that favors or privileges certain Board members over others.
- 2.8.9. Make public statements about the position of the Church, if the official position is not formally adopted.
- 2.8.10. Fail to schedule and organize semi-annual congregational meetings and any necessary pre-congregational meetings.

[Revised: September 19<sup>th</sup> 2013]

### **3. Governance Process**

The Board of Trustees of the First Unitarian Universalist Church of Austin governs on behalf of the church to realize its mission and uphold its values.

[Revised: November 20<sup>th</sup> 2010]

### 3.1. Governing Style

The Board will govern lawfully and ethically, with emphasis on:

- Outward vision rather than internal preoccupation,
- Encouragement of diversity in viewpoints,
- Spiritual and strategic leadership more than administrative detail,
- Clear distinction between the role of the Board and the role of the Senior Minister,
- Collective rather than individual decisions,
- The future, rather than the past or present,
- Being proactive rather than reactive.

3.1.1. The Board shall cultivate a sense of group responsibility for excellence in governing. The Board will use the expertise of individual members to enhance the ability of the Board as a body. The Board will allow no officer, individual, or committee of the Board to hinder or be an excuse for not fulfilling Board commitments.

3.1.2. The Board will carefully establish broad written policies reflecting the congregation's values and the desired ends to be achieved and means to be avoided. The Board's major policy focus will be on the desired end effects, not on the administrative or programmatic means of attaining those ends. The Board will be the initiator of policy, not merely a reactor to Executive initiatives.

3.1.3. The Board will enforce upon itself whatever discipline is needed to govern with excellence. Discipline will apply to matters such as training, attendance, preparation, policy-making principles, respect of roles, and ensuring continuance of governance capability. In accordance with this discipline, the Board will address a topic or issue only after it has answered these questions:

- a. Whose issue is this, Executive or Board? Is the issue about Ends or Means? If it is about Means, does the issue affect Ends in a significant way? If so, then the Board will determine the broadest way to address the issue so that it is still under existing Board policy.
- b. Has the Board dealt with this subject in a policy? If so, what has the Board already said on this subject? How is this specific issue related? If the Board has already addressed the matter, does the Board wish to change what it has already said?

[Revised: January 18th 2011]

### **3.2. Board Job Description**

Specific job outputs of the Board, as an informed agent of the ownership, are those that ensure appropriate organizational performance. Accordingly, the Board will:

- Provide authoritative linkage between the church and the operational organization,
- Engage in long-term visioning through conversation with the congregation,
- Monitor the performance of the Senior Minister,
- Monitor the performance of the Board
- Provide assurance of successful organizational performance on Ends and Executive Limitations,
- Serve as legal representative of the Church.

3.2.1. The Board will produce written governing policies that address at the broadest levels each category of organizational decision. These policies shall include:

- a. Ends: The difference we make in the world.
- b. Executive Limitations: Constraints on executive authority that establish the prudence and ethics boundaries within which executive activity and decisions must take place.
- c. Governance Process: Specification of how the Board conceives, carries out, and monitors its own task.
- d. Board-Executive Linkage: How authority is delegated and its proper use monitored.

3.2.2. The Board will assure Executive performance in accordance with Board policies.

[Revised: January 18th 2011]

### **3.3. Agenda Planning**

To accomplish its job products with a governance style consistent with Board policies, the Board will follow an annual agenda that:

- Systematically monitors and reviews Board policies,
- Completes a re-exploration of Ends,
- Continually improves Board performance through Board education, and
- Provides education and communication to enhance the congregation's understanding of policy-based governance.

3.3.1. In addition, the Board will ensure that the church engages in a cycle of Ends renewal at least every seven years.

[Revised: February 15th 2010]

### **3.4. President's Role**

The President ensures the integrity of the Board's process and represents the Board to congregants and occasionally to outside parties. Accordingly,

- 3.4.1. It is the responsibility of the President to ensure the Board behaves consistently with its own rules and those legitimately imposed upon it from outside the organization.
  - a. Meeting discussion content will be only those issues, which, according to Board policy, clearly belong to the Board to decide or to monitor.
  - b. Information that is for neither monitoring performance nor Board decisions will be avoided or minimized and always noted as such.
  - c. Deliberations will be fair, open, and thorough but also timely, orderly, and kept to the point.
  
- 3.4.2. The authority of the President consists in making decisions that fall within the policies in Board Governance and Board-Executive Linkage, except where the Board specifically delegates portions of this authority to others. The President is authorized to use any reasonable interpretation of the provisions in these policies.
  - a. The President shall preside at all business meetings of the congregation.
  - b. The President is empowered to chair Board meetings, with all the commonly accepted authority of that position.
  - c. The President, as an individual, has no authority to make decisions about policies created by the Board within Ends and Executive Limitations policy areas. Therefore, the President, as an individual, has no authority to supervise or direct the Executive.
  - d. The President may represent the Board to outside parties in announcing Board-stated positions and in stating the President's own decisions and interpretations within his or her authority.
  - e. The President may delegate this authority to another Board member, but remains accountable for its use.

[Revised: February 15th 2010]

### **3.5. Board Code of Conduct / Board Covenant**

The Board commits itself and its members to ethical, businesslike, and lawful conduct, including proper use of authority and appropriate decorum when acting as Board members. Accordingly, Board members shall:

- 3.5.1. Adhere to the Board Covenant (Appendix B)
- 3.5.2. Disclose their involvement with other organizations, with vendors, or with any other associations that might produce a conflict of interest.
- 3.5.3. Be loyal to the interests of the congregation. When acting in the role of Board member, this loyalty should supersede all other loyalties in order to avoid conflicts of interest.
- 3.5.4. Not attempt to exercise individual authority over the organization, except as explicitly set forth in the Board policies. The Board will speak with one voice through its adopted policies and motions.
- 3.5.5. Respect the confidentiality appropriate to issues of a sensitive nature.

[Revised: February 15th 2010]



### **3.6. Board Committee Principles**

The Board may establish committees to help carry out its responsibilities. Committees will be used sparingly to preserve the Board functioning as a whole, and will not interfere with delegation from Board to the Senior Minister nor speak on behalf of the Board without prior Board authorization.

[Revised: February 15th 2010]

### **3.7. Cost of Governance**

Because poor governance costs more than learning to govern well, the Board will invest in its governance capacity. Accordingly,

- 3.7.1. Training will be used to orient new and prospective leaders, as well as to maintain and increase existing Board member skills and understandings.
- 3.7.2. Outside assistance will be arranged so that the Board can exercise confident control over organizational performance.

[Revised: February 15th 2010]

### **3.8. Complaint Processing Procedure**

In a religious community conflict and disagreement are to be expected. Procedures spelled out below are guided by the following principles: We should listen carefully to those with whom we are in conflict, assume best motivations, and discuss differences frankly and honestly in a spirit of love, forgiveness and compassion. Furthermore, policy violations can occur for innocent reasons and can be quickly and easily rectified. Others, however, may be part of a pattern and in need of being addressed systematically. It is the intent of the Board to be accessible and responsible to the congregation and other stakeholders, but it is not a function of the Board to resolve complaints or grievances that are not directly related to the Board's policy making and policy monitoring functions.

The Board requires that complaints be submitted in written form. At the next Board meeting, the Board assesses whether there has been a policy violation, and/or whether a policy update is needed. Written complaints on the Board's agenda will be distributed to Board members and senior minister prior to the meeting. The Board may ask the Senior Minister for their interpretation of the policy. The Board assesses whether interpretation / action is beyond "any reasonable interpretation of the policy". The Board makes a determination of one of the following:

- A) No violation, no update needed: Board explains to complainant its determination and rationale.
- B) No violation (including reasonable interpretation), but policy update needed: Board updates policies, and initiates Complaint Resolution Procedure, taking into account the fact that no existing policy was breached. Board explains to complainant its determination and rationale.
- C) Policy violation: Board initiates Complaint Resolution Procedure. Board explains to complainant its determination and rationale.

In all cases the determination of a complaint (A, B or C) is recorded in a Board motion that identifies the policy at issue. Unless confidentiality is requested, and the Board decides to summarize the complaint, the complete written complaint will be attached to the Board meeting minutes.

Complainants may be invited to a formal or informal reconciliation process.

[Revised: February 15th 2010]

### **3.9. Complaint Resolution Procedure**

The Board initiates this process when, according to the Complaint Processing Procedure, there has been a violation of policy, or a complaint has resulted in policy updates designed to proscribe the situation described in the complaint.

The Board judges the degree and seriousness of the complaint, taking into account the following factors:

- The nature of the complaint
- Whether this was a violation of existing policy
- Whether there is a history or pattern of policy violation
- The Senior Minister's past efforts to address policy violations

While allowing for exceptional circumstances, the following series of escalating actions will be normally be undertaken:

1. Asking the Senior Minister to present to the Board at the next Board meeting a plan to adhere to the policy in question and address the issues raised in the complaint. The plan will be attached to the Board meeting minutes.
2. Issuing a documented warning.
3. Engaging in mediation, with an external mediator acceptable to both the Board and Senior Minister.
4. Presenting to the congregation the public record of policy violations, and the efforts to address them.
5. Requesting the Senior Minister's resignation.
6. Calling a congregational meeting in compliance with the bylaws regarding removal of the Senior Minister.

[Revised: February 15th 2010]

## **4. Board-Executive Relationship**

The Board's official connection to church operations, achievements, and conduct is solely through delegated authority to the Senior Minister.

[Revised: December 21st 2010]

### **4.1. Unity of Control**

Only decisions of the Board acting as a body are binding on the Senior Minister. Accordingly,

- 4.1.1. Decisions or instructions of individual Board members, officers, or committees are not binding on the Senior Minister except in rare instances when the Board has specifically authorized such exercise of authority.
- 4.1.2. In the case of Board members or committees requesting information or assistance without Board authorization, the Senior Minister can refuse such requests that require, in the Senior Minister's opinion, a material amount of staff time or funds, or are disruptive.

[Revised: February 15th 2010]

## **4.2. Accountability of the Senior Minister**

The Senior Minister is the Board's only link to operational achievement and conduct, so that all authority and accountability of staff, as far as the Board is concerned, is considered the authority and accountability of the Senior Minister.

- 4.2.1. The Board shall refrain from giving instructions to persons who report directly or indirectly to the Senior Minister.
- 4.2.2. The Board shall refrain from evaluating, either formally or informally, any staff other than the Senior Minister.
- 4.2.3. The Board shall view the Senior Minister's performance as identical to organizational performance, so that accomplishment of the Ends and avoidance of policy-proscribed means will be viewed as successful Senior Minister performance.

[Revised: December 21st 2010]

### **4.3. Delegation to the Senior Minister**

The Board shall delegate authority to the Senior Minister through written policies that prescribe the organizational Ends to be achieved and describe organizational situations and actions to be avoided, allowing the CEO to use any reasonable interpretation of these policies. Accordingly, the Board shall:

- 4.3.1. Develop policies instructing the Senior Minister to achieve specified results. These policies shall be developed systematically from the broadest, most general level to more defined levels, and shall be called Ends policies.
- 4.3.2. Develop policies that limit the latitude the Senior Minister may exercise in choosing the organizational means. These limiting policies shall describe those practices, activities, decisions, and circumstances that would be unacceptable to the Board even if they were to be effective. These policies shall be developed systematically from the broadest, most general level to more defined levels, and they shall be called Executive Limitations policies.
- 4.3.3. Authorize the Senior Minister to use any reasonable interpretation of the Board's Ends and Executive Limitations policies, to establish any further policies, make any decisions, take any actions, establish any practices, and develop any activities. Such decisions of the Senior Minister shall have full force and authority as if decided by the Board.

[Revised: December 21st 2010]

#### **4.4. Monitoring Senior Minister Performance**

Regular and systematic monitoring of the Senior Minister's job performance will be solely measured by accomplishment of Ends in accordance with Executive Limitations policies.

- 4.4.1. Monitoring determines the degree to which Board policies are being met.
- 4.4.2. The Board shall acquire monitoring data by one or more of the following methods:
  - a. By internal report, in which the Senior Minister discloses compliance information to the Board;
  - b. By external report, in which an external, disinterested third party selected by the Board assesses compliance with Ends and Executive Limitations;
  - c. By direct Board inspection, in which one or more Board members designated by the Board, or the Board as a whole, assess compliance with Board policy.
- 4.4.3. In every case, the standard for compliance shall be any reasonable interpretation by the Senior Minister of the policy being monitored.
- 4.4.4. All policies that instruct the Senior Minister will be monitored at a frequency and by a method chosen by the Board. The Board can monitor any policy at any time by any method, but will ordinarily depend on the attached schedule (Appendix A).

[Revised: December 21st 2010]



## Appendix A – Monitoring Schedule

Policy	Method	Frequency	When (all 2012)
1.4.1. Radically Hospitable Community	Internal	Annual	<b>Jan</b>
1.4.2. Nourishes Souls and Transforms Lives	Internal	Annual	<b>Apr</b>
1.4.3. Witnesses to Justice	Internal	Annual	<b>Oct</b>
2.1. Treatment of Congregants, Friends and Visitors	Internal	Annual	<b>May</b>
2.2. Treatment of Staff	Internal	Annual	<b>Dec</b>
2.3. Financial Planning / Budgeting	Internal Direct	Quarterly Annual	<b>Feb, May, Aug, Nov</b>
2.4. Financial Conditions & Activities	Internal Direct	Quarterly Annual	<b>Feb, May, Aug, Nov</b>
2.5. Continuous Operations Plan	Internal	Annual	<b>Aug</b>
2.6. Asset Protection	Internal Direct	Annual Annual	<b>Mar</b>
2.7. Compensation & Benefits	Internal	Annual	<b>Aug</b>
2.8. Communication and Support of the Board	Internal	Annual	<b>Jun</b>
3. Governance Process	Internal	Annual	<b>Jul</b>
4. Board-Executive Relationship	Internal	Annual	<b>Nov</b>
<b>TDB</b>			<b>Sep</b>

## **Appendix B – Board Covenant**

~~With the Values, Mission and Ends of First UU Austin foremost in mind, we covenant...~~

- ~~• To respect our time together by being focused, prepared and timely~~
- ~~• To listen actively, and address concerns directly~~
- ~~• To trust that each is acting in good faith~~
- ~~• To show compassion, respect boundaries, and enjoy each other's good humor~~
- ~~• To keep confidentiality when it is requested~~
- ~~• To be called back into covenant~~
- ~~• And at the end of our deliberations, to speak with one voice~~

Board and Board Executive Covenant were combined

## **Appendix C – Board and Executive Covenant**

With the Values, Mission and Ends of First UU Austin foremost in mind, we the leadership do covenant to:

Treat our time together as spiritual practice

Work collaboratively to clarify, assess and further our mission.

Respect our time together by being focused, prepared and timely.

Keep confidentiality when it is requested.

Listen actively, address concerns directly with each other in a timely manner, and encourage others to do the same.

Presume good faith in all our interactions.

Conduct ourselves openly, show compassion, respect boundaries, and enjoy each other's good humor in times of agreement and disagreement.

Publicly support one another's decisions and leadership by speaking with one voice at the end of our deliberations.

Agree to be called back into covenant.

[Revised: Jan 14, 2013]

## Appendix D – Board Workgroup Descriptions

According to Governance Process Policy 3.1.1 the Board shall cultivate a sense of group responsibility for excellence in governing. In compliance with this policy, the following workgroups are established for specific, time-limited purposes. Three of the workgroups reflect the main functions of Policy Based Governance boards: Linkage, Policy and Monitoring. The Process Governance workgroup will provide guidance to the board in complying with Policy 3.1.3

All board members are assigned to a workgroup, with membership rotating annually. This reinforces that all trustees have responsibility for linkage, policy and monitoring, not just those serving on a workgroup at any given time. Each workgroup is free to call upon the expertise of other board members for specific assignments.

The workgroups handle board work that cannot efficiently be done in monthly board meetings. Their purpose is not to deflect responsibility for linkage, policy writing or monitoring from other board members but to bring options and recommendations to the table for review, consideration and decisions by the full board. The purpose of the workgroups will be periodically reviewed to determine if different ones are needed. The board retains the ability to form ad hoc workgroups as the need arises.

### **Linkage**--responsible for:

- developing and presenting options for a new annual linkage plan, including types and frequency of linkage activities to the board for discussion and finalization.
- planning, scheduling and implementing the various linkage activities (participation in linkage activities is the responsibility of the entire board).
- reporting to and sharing insights/results of specific linkage activities with the board.
- guiding the periodic assessment by the board of linkage activities to ensure they are serving their purpose.

### **Policy**--responsible for:

- reviewing the policies the board wrote this past year for completeness and formatting to present to the board for approval.
- drafting options for new or revised policies at the request of the board as the need arises.
- drafting bylaws revisions as requested by the board to present to the board and subsequently to the congregation for approval.

**Monitoring**--responsible for:

- fine tuning the annual monitoring plan after the Making It Happen retreat and presenting to the board for approval.
- planning, scheduling and implementing the various types of monitoring of Ends and Executive Limitations, i.e., what types of reports, data, etc. are needed as executive interpretations are agreed on.
- guiding the board evaluation of monitoring activities to ensure the board is monitoring what it needs to monitor.

**Governance Process**--responsible for:

- arranging for board training and development outside of monthly board meetings, , annual board orientation and other retreats as needed.
- coordinating with the other workgroups to schedule and ensure board development during board meetings on linkage, policy writing and monitoring
- ensuring continuance of governance capability, including arranging for Policy Based Governance training to prospective board members or others interested in moving into leadership roles.
- guiding the board interpretation of Governance Process and Board Executive Relationship policies.
- developing process monitoring methods and ensuring that they are routinely used.

## **Appendix E - Workgroup Membership 2013-2014**

### **Linkage:**

Jerry Perkins

Russell Smith

### **Policy:**

Ann Edwards

John Franks

Ken Pfluger

Steve Swinnea

### **Monitoring:**

Michael Kersey

Carolyn Gremminger

Steve Swinnea

Jerry Perkins

### **Governance Process:**

## Appendix F - Procedures for Board Meetings

### Meeting Prep

- A. Board members shall be provided with a binder containing Board Policies, Church Bylaws and other relevant documents.
- B. Board members are expected to bring the binder to all board meeting.
- C. The Board Secretary shall provide updated copies of these documents for the board members, as updates are approved.
- D. The Board President and Secretary produce the agenda. Members should submit items for consideration at least 2 weeks in advance of the meeting and include the policy number(s) for any board policies that would apply.
- E. Reports and materials for all agenda items should be posted to mycommittee.com at least 7 days in advance.

### Rules for Discussion

- A. It is the responsibility of ALL Board members to see that the meeting stays on time, and to ensure everyone has an equal opportunity to speak.
- B. The Chair may recommend certain ground rules for discussion such as:
  - time limits for individual comments;
  - use of a queue or “round-the-table” process for those wishing to speak in order
- C. If at any time it appears that a topic will extend beyond its allotted time, the time keeper shall halt the discussion and will notify the Chair, who will propose to either:
  - defer further discussion to a future meeting; or
  - suggest an additional amount of time for discussion on the topic.
- D. Little or no discussion is anticipated for topics on the Consent Agenda. Board members should notify the President as well as the person presenting the item at least 36 hours in advance, if they see reason for discussion on a Consent Agenda topic. In rare circumstances such as when questions or concerns have not been adequately addressed in time to provide prior notice, a board member may request discussion at a board meeting

## **Rules for Consideration of Monitoring Reports**

- A. Carefully study the monitoring reports when they are made available (at least 7 days in advance).
- B. Try to get your questions / concerns addressed directly.
- C. If there are parts of the monitoring report you want discussed, send e-mail notice to the President and Secretary identifying the part(s) of the monitoring report that you wish discussed at the meeting.
- D. The President or Secretary will prepare a compiled list of submitted questions or concerns. The Chair will then facilitate discussion only on those policies that received question/concern.
- E. Following discussion any portions of the monitoring report deemed unacceptable and/or policies identified for revision will be noted.
- F. Generally the Board and Senior Minister will NOT attempt at the meeting to redraft interpretations or policies. These will be assigned to prepare revisions for consideration at the next board meeting.

*In case of doubt about procedures or rules, know that good covenantal behavior is appreciated at all times.*



## Appendix G – Policy Interpretations

### 1.4.1. Radically Hospitable Community

First UU Church of Austin is an intentionally hospitable community where:

All people are treated with respect and dignity

*“Intentionally hospitable” means that, in addition to attending to the comfort, growth, joy, challenge and inclusion of those who attend our church, we become visible in an inviting way to the whole Austin community. We make our services as accessible as we can.*

*For a description of how to treat one another with respect and dignity we can use our Covenant of Healthy Relations, which explains it in detail. We encourage children in Religious Education classes to have their own covenants. Our board, minister, and staff all have covenants clarifying what they mean by treating one another with respect and dignity. (See appendix for all covenants.)*

*Metrics for this end will include tracking the number of visitors over the course of the year, not only to the church itself but to the web site and the Facebook page. We will query the residents within our zip code to see if they are aware of the church’s presence in the neighborhood.*

*Further metrics include reporting on any breach-of-covenant letters sent out, along with stories of reconciliation between and among congregants, staff and minister as those may occur.*

All people of goodwill are welcomed

*“People of good will” are those who currently have the capacity to participate in a covenantal community, and who want the best, not only for themselves, but for the church. The “Disruptive Behavior Policy” describes behavior of those who are not currently capable of participating in a covenantal community, behavior that is destructive to the church. (See appendix for Disruptive Behavior Policy.)*

*“Welcomed” means that people are acknowledged in a friendly way when they come in to the church. They trust that there is a place for them at this church and that it is a good thing that they are here. We will have greeters who welcome those who come on Sunday mornings. Our building will be attractive and easy to navigate. Attention will be paid to increasing accessibility for those with hearing, vision or mobility issues. A visitor’s table will be staffed with people who particularly look for visitors, giving them a special welcome and whatever information they might want about our congregation.*

*We will have a church greeter during the week, during office hours, so people who come into the building during those times will be made to feel welcome and given the assistance they need as far as we are able to assist them. Our web site will be attractive and easy to use, with up-to-date information for visitors and for members.*

People are supported in times of joy and need

*When significant life events occur in the lives of the people in this faith community, the church will be involved to the extent that members request it. The Caring Ministry will send notes, bring food, and arrange rides within reasonable limits. The minister will provide pastoral care as she is able. This will include office visits, home visits, lunches, hospital visits, emails, phone calls and Facebook exchanges. She may call upon members of the Listening Ministry for assistance. Whenever the church knows of a member struggling with illness, they will experience some contact from the church. Memorial Services and receptions, Child Dedication Services, and Marriages will be offered to members at no cost. The minister will offer to members as many as three counseling sessions, after which point she will refer to a professional therapist, psychiatrist or life-coach.*

*Metrics may include numbers of people served by the minister, along with the Caring and the Listening Ministries. We will also count the numbers of weddings, dedications, memorial services and counseling sessions provided by the minister.*

People find connection with one another in fellowship

*“Fellowship” is the sharing of thoughts, life events and feelings with others in the context of a spiritual community which welcomes conversation and questions about truth and meaning. If people are finding connection, they will become more committed to and engaged with the church if they are able to do so.*

*Metrics may include numbers of visitors becoming members, the number of members participating in small groups, Adult RE classes, worship, service opportunities and social events. Patterns of volunteering and giving also serve as indicators of how well people are finding connection. We will also count the number of members we lose in a year so we will know how we are doing on member retention.*

We are fully engaged and generous with time, treasure and talent

*“Fully engaged and generous with time, treasure and talent” means that church participation represents a significant part of members’ lives; that participation is characterized by abundance, according to each person’s means; that people volunteer in church activities, provide financial support, and apply their special skills to their volunteer work*

*Metrics may include the development of a skillfully-constructed congregational survey that will be conducted on an ongoing basis so that each person gets surveyed once every three years. It would measure different kinds of engagement such as the average*

*number of hours the person participates in church activities each week. We may also track and measure the changes in financial giving patterns, track and measure attendance in church activities such as worship services and classes, and gather stories and testimonials reflecting generous engagement.*

We invite people of good will to find a spiritual home with us

*“A spiritual home” is a place where a person may explore issues of life, death, truth and meaning. It is a place where deep connections may be made with others and with the Spirit of Love, the Spirit of Life. A spiritual home is an environment where we and our children learn about our religion, its values and its heritage. We will encourage those already in this church to reach out to others they feel would be able to covenant with this community, enhancing it, benefiting from it, and joining us in living our principles and our mission.*

*Metrics for this would include numbers of visitors and new members who first came because of an invitation from someone already attending.*

We engage as UUs in public life

*We identify as Unitarian Universalists at work and as we volunteer in the community. Our faith is overtly a part of who we are as we live our lives. We become comfortable and confident in our identity. We go out in a group to make our values visible in the Austin community. We wear our “Standing on the Side of Love” t-shirts when we go out together in such a group. The minister will call for participation in public actions from the pulpit and in her other communications with the congregation. She will work with the Social Action Ministry to organize events, service trips, street theater and other means of living our values in the Austin community.*

*Metrics for this end will include counting the number of times the church “leaves the building.” We will report the number of calls to action the minister makes to the congregation, and the number of times UUs work together with the Social Action Ministry on justice projects.*

[Revised: Jan 2012]

### 1.4.2. Nourishes Souls and Transforms Lives

First UU Church of Austin nourishes souls and transforms lives by: **Engaging and supporting members in spiritual practice and growth**

#### Executive Operational Interpretation:

**“Engaging”** means to create awareness and curiosity about spiritual practice and growth, and giving members opportunities to begin and continue.

**“Supporting”** spiritual practice and growth means to make it more likely that people will be able to accomplish these things.

**“Spiritual practice”** is a way of speaking about those activities which increase well-being, stability, love, joy, generosity, patience, inner peace, self-control, kindness, and the ability to handle life’s difficulties while remaining open-hearted, compassionate, and able to give and receive love. Those would include meditation, art, meaningful conversation, service work, immersion in nature, drama, singing, and other activities like these.

**“Growth”** means becoming, over time, more and more a person whose presence makes the world a better place, either through activism or joyful and spirited presence.

#### Measures:

Our congregational survey only asks people about their spiritual development and its relationship to social justice work.

The degree to which members participate in social justice efforts through the church and as individuals would be one measure of spirit and growth. We will add a question in our annual survey that asks: “do you engage in a spiritual practice?” We could also ask “Has your involvement at First UU increased your patience, kindness, generosity, etc.?”

To measure the support the church gives members in their spiritual practice and growth, we would count the number of church ministries, sermons, and Lifespan RE offerings that address spiritual practice, an understanding of justice, and faith development. We would also measure participation in Chalice Circles.

Another possible question might be: “How has your church supported your spiritual practice and growth?”

#### Rationale for these measures:

The annual congregational survey is the most direct way to ascertain whether people have a spiritual practice, and whether they feel supported in their practice and growth by the church. The number of Lifespan RE classes will also demonstrate that we offer opportunities for development and growth.

## Providing worship, programs, and activities that awaken meaning and transcendence

### Executive Operational Interpretation:

**“Worship, programs, and activities”** describe the gamut of what the church offers its members. Sunday services, classes for children and adults, youth groups, social action projects, small groups, trainings, leadership opportunities, service opportunities, meals, parties, discussions, trips, choirs, and committees are among the offerings thus described.

**“Awakening meaning”** refers to the process of inviting people to think about the large questions: “How do you fit into the whole?” “What is the purpose of existence?” “What am I supposed to do with this brief span of life?” “What is important?” “How do I live a good life?” “How do we deal with our own death and the deaths of those we love?”

**“Transcendence”** is one way that some of us refer to that which is the Ground of our Being/God/the Divine/the Oversoul, the connection by which all things are one. For others among us, it simply refers to a sense of awe, insight, or a deep sense of connection with another person or with nature.

In any of these cases, **“awakening transcendence”** would mean inviting people into a time and space where they can feel lifted into something that is larger than themselves, where they catch a glimpse of the connection with all things, or get a sense of the big picture of existence, or feel some guidance or love, compassion or support from beyond themselves.

### Measures:

There are questions on the congregational survey which ask people about experiences of transcendence and transformation.

### Rationale for these measures:

If reports of these experiences would become more and more common as years go by, we would know we were achieving this End.

## **Ensuring that members have a caring, supportive and safe place to rekindle the spirit.**

### Executive Operational Interpretation:

“**Caring**” means that it matters to people whether you’re there, that they know some of what’s going on in your life, that you are important to the church.

“**Supportive**” means that the church works to help you be a part of the community, to help you become the person you want to be.

“**Safe**” means that people will be treated correctly, that they have a reasonable expectation of their confidences being kept, that they will not be harmed physically or emotionally. In interactions with other members, with staff, and the minister, behavior will be according to our Covenant of Healthy Relations.

“**Rekindle the spirit**” means to be energized and encouraged. Enriching conversation, new thoughts, good instruction, singing, beauty, meditation, interactions with friends, interactions with children, signing up for a new experience, helping other people, watching others find joy here – all of these are ways that people can be encouraged, energized, nourished. Being comforted and being challenged are two other ways of being cared for.

### Measures:

The First UU Caring Ministry Team will be trained in an ongoing manner to assist the minister in reaching out to members who are going through significant life changes or difficulties. We will re-activate our trained Listening Ministers and draw on them when the need arises. As more people make use of the Caring Ministry, we will know we are accomplishing this End.

We will look to survey responses to measure how supported members feel by the church, and how safe they feel here.

Measuring whether people feel their spirit rekindled here involves measuring attendance at worship, programs and activities of the church. If people feel nourished here, they will come back, and they will give generously to support the church.

### Rationale for these measures:

We will use the survey to measure how congregants feel supported and cared for. We will also ask the Caring Ministry to keep track of the number of people they care for. Attendance and giving are indicators that people feel supported and safe.

[Revised: Apr 2012]

**2.1. Treatment of Congregants, Friends and Visitors**

2.1 With respect to interactions with members, friends and visitors of the church the Senior Minister shall not allow conditions, procedures, or decisions that are unsafe, disrespectful, unnecessarily intrusive, or that fail to provide appropriate confidentiality and privacy.

The interpretation of the above section occurs in the details below.  
However, we encourage the board to consider including church staff among those for whose safety the Senior Minister has responsibility.

2.1.1 Violate the confidentiality of congregant pledge information, except as required by congregants of the Finance and Canvass Committees to carry out their responsibilities.

Interpretation:  
The senior minister will take all standard measures to safeguard private congregant pledge information.  
Specifically, that means that such data stored electronically shall have high security standards to minimize the risk of data theft or misuse. Data stored as hard copy shall be kept in a secure area with access restricted to those with a legitimate need to access it.  
Measures:  
1. Reporting, in this limitations report or otherwise, by the executive.  
2. The regular audit as performed by the board of trustees  
Rationale for the Measures:  
1. This report provides an appropriate venue for the executive to confirm or deny compliance with this limitation.  
2. The board’s audit, internal or external, provides the best possible way to provide third-party confirmation of compliance.

2.1.2 Fail to provide a reasonable level of safety, upkeep, access and functionality for the facilities.

Interpretation:  
We take this to mean that the building and grounds will be kept in good repair, and that access will be considered in all changes made to the property. Functionality both in the objects furnishing the building and the arrangement of those objects will be a topic of attention for staff.

Measures:

1. Reporting, in this limitations report or otherwise, by the executive.
2. Regular safety inspection by our insurance company.

Rationale for the Measures:

1. This report provides an appropriate venue for the executive to confirm or deny compliance with this limitation.
2. Our insurance company, Church Mutual, provides a free safety inspection on request. This third-party, professional review has a high level of credibility and objectivity.

2.1.3 Fail to maintain and enforce procedures to ensure the safety of congregants and children while at the Church or at Church functions.

Interpretation:

We take this to mean that we will have a Safe Congregations Policy delineating training for RE personnel. We will have a Covenant of Right Relations and a Disruptive Person Policy that will be used to ensure that people attending services and other church functions will feel as safe as possible emotionally and physically.

The policies will include enforcement procedures.

Measures:

1. Documentation of said covenant and policies.
2. Reports regarding safety and descriptions of how incidents are handled.

Rationale for the Measures:

1. Documentation provides direct evidence of the existence of procedures.
2. Reports demonstrate whether or not the procedures have been effectively enforced.

2.1.4. Fail to establish, publicize and follow written policies for processing congregant grievances and suggestions.

Interpretation:

We shall have a written procedure for processing congregant grievances and suggestions. It shall be made public in such a way that any reasonable person would be able to find and understand them with minimal effort. Said procedure will be followed.

Measures:

1. Documentation of said procedure.
2. Reporting, in this limitations report or otherwise, by the executive regarding the publicizing of said procedure and its implementation.



Rationale for the Measures:

1. Documentation provides direct evidence of the existence of procedures.
2. This report provides an appropriate venue for the executive to confirm or deny compliance with this limitation.

2.1.5. Fail to maintain a serious breach of covenant process.

Interpretation:

We shall have and implement a process to deal with serious breach of covenant.

Measures:

1. Documentation of said procedure.
2. Reporting, in this limitations report or otherwise, by the executive regarding the procedure's implementation.

Rationale for the Measures:

1. Documentation provides direct evidence of the existence of procedures.
2. The executive, directly or indirectly, has responsibility for the implementation of this process and would be most familiar with the outcomes.

[Revised: May 2012]

**2.3. Financial Planning/Budgeting**

2.3 Financial planning for any fiscal year or remaining part of any fiscal year shall not deviate materially from the Board’s Ends priorities, risk fiscal jeopardy, or fail to be derived from a documented Long Range Staffing and Financial Plan.

Interpretation:

This limitation refers to the proposed operating budget which the executive presents to the board and congregation in December prior to the fiscal year to which it applies.

The church’s fiscal year is the calendar year, January through December.

The budget shall be based on the church’s ends and a documented Long Range Staffing and Financial Plan (LRSFP). Said plan will include a multi-year projection of activities and goals, plus the staff and financial resources required to make it happen.

For the purposes of this limitation, a material deviation shall be 5% of the overall budget.

“Risk fiscal jeopardy” refers to any financial practices that deviate significantly from best practices and which have an unacceptable likelihood of creating significant financial problems for the church. Such practices include non-payment of bills, non-payment of taxes, incurring debt without appropriate approvals, and the like.

Measures:

- 1. A comparison of the budget to the ends priorities and the LRSFP.
- 2. Review of budget for activities likely to risk financial jeopardy.

Rationale for the Measures:

- 1. The comparison of the budget to the ends and LRSFP provides direct confirmation of compliance.
- 2. A review of the budget will reveal if the budget includes activities likely to risk financial jeopardy.

Accordingly, the Senior Minister shall not allow budgeting that:

2.3.1 Fails to communicate a reasonably accurate projection of revenues and expenses, separation of capital and operational items, cash flow, and disclosure of planning assumptions.

Interpretation:

The budget proposal shall use moderately-conservative projections of revenue and expenses, grounded on the analysis of recent trends and current data. We shall present capital expenses (such as the construction of a new building), during any year that we anticipate them, separately from the operating budget.

The budget will include a narrative that explains the budget priorities.

Depending on the level of detail, planning assumptions shall be disclosed either as part of the narrative or on request. An assumption, like the discounting of pledge income by 4% for likely non-payment, would probably appear in the written proposal. Charts showing multi-year trends in new member giving, on the other hand, would be available on request.

Measures:

1. A comparison of the budget proposal to the previous year's budget.
2. A review of budget assumptions to confirm whether they are reasonable.

Rationale for Measures:

1. The comparison of the proposal and the previous year's budget would reveal any significant variations. Any significant variation (e.g., a 25% increase in overall revenue) would certainly merit further inquiry and explanation.
2. Budget assumptions constitute the root of specific budget numbers. Straightforward ones, such as a photocopier expense with little or no annual variation, require little effort to verify. Pledge figures, and pledge discounting, will require multiple calculations to demonstrate.

2.3.2 Provides less for Board prerogatives during the year than is set forth in the Cost of Governance Policy.

Interpretation:

Cost of Governance is the church's investment in our board of trustees in order to ensure it has the skills, knowledge, and dispositions necessary to effectively fulfill its role.

The executive will ensure the availability of funds for this purpose either through the operating fund (preferably) or through restricted funds that can be legitimately accessed for this purpose.

Measures:

1. The inclusion, or lack thereof, of such funds in the operating budget.

Rationale for Measures:

1. Either the budget includes such funds or it doesn't.

2.3.3 Plans the expenditure in any fiscal year of more funds than are reasonably projected to be available in that period.

Interpretation:

The executive shall not present an operating budget with a deficit.

Measures:

1. A review of the budget proposal to confirm whether or not it has a deficit.

Rationale for Measures:

1. A simple review of the bottom line of the budget proposal suffices to determine whether or not it shows a deficit.

[Revised: May 2012]

**2.4. Financial Conditions & Activities**

With respect to the congregation’s actual, ongoing financial condition and activities, the Executive shall not cause or allow the development of financial jeopardy or deviation from priorities established in Ends policies or Long Range Staffing and Financial Plan.

Interpretation:

The executive has responsibility for the church’s day-to-day financial management.

In the course of exercising that responsibility, she shall avoid any financial practices that deviate significantly from best practices and which have an unacceptable likelihood of creating significant financial problems for the church. Such practices include non-payment of bills, non-payment of taxes, incurring debt without appropriate approvals, and the like.

The day-to-day operating expenses will follow the outlines of the operating budget, which, per limitation 2.3, shall be based on the church’s ends and a documented Long Range Staffing and Financial Plan (LRSFP). Said plan will include a multi-year projection of activities and goals, plus the staff and financial resources required to make it happen. We aim to have a first draft of the plan ready by the end of September.

Measures:

- 1. Regular financial reports, particularly the Profit & Loss Budget vs Actuals report.
- 2. The LRSFP and how well the operating budget coincides with it.

Rationale for the Measures:

- 1. The regular financial reports demonstrate compliance with the congregationally-approved operating budget, or lack thereof.
- 2. A comparison of the LRSFP and the operating budget will confirm compliance, or lack thereof.

Accordingly the Senior Minister shall not:

2.4.1 Allow actual allocation to deviate materially from congregationally approved budget priorities, unless authorized by the Board.

Interpretation:

Absent authorization from the board, the actual operating expenses shall not deviate materially from the categories in the congregationally-approved budget.

For the purposes of this limitation, “material deviation” means 10% of the total budget.

Although we may experience minimal deviation between budget categories, total expenses shall not exceed the congregationally-approved budget total.

Measures:

1. Regular financial reports, particularly the Profit & Loss Budget vs Actuals report.

Rationale for the Measures:

1. The financial report that compares the budget to actual expenses demonstrates clearly, by its nature, any deviation from the budget.

#### 2.4.2 Borrow any amounts without prior Board approval.

Interpretation:

The executive must gain the approval of the board before taking out any loans, mortgages, lines of credit, or the like.

This limitation does not apply to the credit cards, provided that the credit cards are paid off before interest accrues and always within two weeks of receiving the bill. However, carrying a balance on a credit card that either incurs interest charges and/or would extend beyond two-weeks of receiving the bill would require board approval.

Measures:

3. Reporting, in this limitations report or otherwise, by the executive.
4. The regular audit as performed by the board of trustees

Rationale for the Measures:

3. This report provides an appropriate venue for the executive to confirm or deny compliance with this limitation.
4. The board’s audit, internal or external, provides the best possible way to provide third-party confirmation of compliance.

#### 2.4.3 Fail to establish, maintain, and communicate an appropriate gift acceptance policy for both unrestricted and restricted gifts that includes provisions for donor-designated purposes and allows for the acceptance or rejection of gifts.

Interpretation:

The executive shall develop and keep an up-to-date gift acceptance policy. Said policy shall cover all likely kinds of gifts, including those that do and do not include donor designations.

Although we welcome the vast majority of gifts, both financial and in kind, we can not accept all gifts. Some gifts have unacceptable restrictions. Others, such as the in kind gift of an old couch, may not have a useful purpose at the church. So, the policy will include provisions for rejecting such gifts.

Said policy will be publicly available and actively communicated as appropriate.

Measures:

1. The gift acceptance policy.

Rationale for the Measures:

1. Existence of the policy, and comparison with this limitation, demonstrate compliance or lack thereof.

#### 2.4.4 Accept or disburse gift income that is contrary to the church's Mission, Values, and Ends and Unitarian Universalist Principles.

Interpretation:

The executive cannot, on behalf of the church, accept charitable contributions from organizations or individuals who actively work against our mission, values, ends or principles. Examples include hate groups and Fred Phelps (pastor of a church in Topeka that actively promotes hate against homosexuals).

It is possible that we could learn of such a tainted gift only after having received it. In such a case, we would not spend any portion that remained at the time of discovery.

Measures:

1. Reporting, in this limitations report or otherwise, by the executive.
2. The regular audit as performed by the board of trustees.

Rationale for the Measures:

1. This report provides an appropriate venue for the executive to confirm or deny compliance with this limitation.
2. The board's audit, internal or external, provides the best possible way to provide third-party confirmation of compliance.

#### 2.4.5 Designate funds in manner inconsistent with the donor's intentions or in a manner inconsistent with best accounting practices.

Interpretation:

When we accept a restricted gift of money, we shall manage the accounting in such a way so as

to insure that it gets used only for the intended purpose.

The financial records shall not deviate from reasonable and accurate accounting practices. In practical terms, we should be able to answer reasonable questions about the books within a reasonable time based on accurate and up-to-date records.

From time to time a donor-restricted fund becomes dormant or outlives its purpose. For example, we could no longer comply, to the letter, with a gift made (200 years ago) for the perpetual maintenance of the minister's horse and buggy. We would make every effort to work with the donor to repurpose such a fund or, if we could not communicate with the donor, we would follow the law and best practices in order to best repurpose or otherwise handle it.

n. Likewise, from time to time, in-house designated funds become dormant. The YARN Fund, on the books through the end of 2011, fits that description. In this case, we shall follow the tradition begun by the Financial Asset Management Policy of regularly reviewing the status of such funds, closing those that have been dormant for more than two years, and repurposing the money as appropriate

Measures:

1. The regular financial reports, including notes in the narrative report regarding the creation or closure of balance sheet funds

Rationale for Measures:

1. The financial reports, and the proper accounting that supports them, represent the primary and most common way of tracking such gifts and ensuring that restricted funds do not get spent for inappropriate purposes.

2.4.6 Expend any endowment or designated funds other than for the purposes determined at time of receipt or designation.

Interpretation:

As in limitation 2.4.5, when we accept a restricted gift of money, we shall manage the accounting in such a way so as to insure that it gets used only for the intended purpose.

Additionally, we shall faithfully observe any limitations placed by the congregation upon the use of its funds.

Measures:

1. The regular financial reports, including notes in the narrative report regarding the creation or closure of balance sheet fund.

Rationale for Measures:

1. The financial reports, and the proper accounting that supports them, represent the primary and most common way of tracking such gifts and ensuring that restricted funds do not get spent for inappropriate purposes.



2.4.7 Fail to maintain current, accurate, auditable financial records or to make such records available to the Board, authorized auditors or other appropriate persons as requested.

Interpretation:

As in limitation 2.4.5, the financial records shall not deviate from reasonable and accurate accounting practices. In practical terms, we should be able to answer reasonable questions about the books within a reasonable time based on accurate and up-to-date records.

The Board may have full access to the records at any time and may authorize the same access to auditors and others.

Measures:

1. The regular financial reports, including notes in the narrative report regarding the creation or closure of balance sheet funds
2. Timely and full compliance with records requests by the board, auditors, or other authorized by the board.

Rationale for Measures:

1. The financial reports, and the proper accounting that supports them, represent the primary and most common way of complying.
2. The only way to test whether we comply with records requests is for those requests to be made.

2.4.8 Fail to settle payroll and other obligations in a timely manner.

Interpretation:

Bills will get paid on time.

Measures:

1. Self reporting in this limitations report.
2. The absence of complaints by staff or vendors.

Rationale for Measures:

1. The quickest and most direct form of confirmation is the direct report.
2. Any serious failure to comply with this limitation would rapidly create staff distress. In a church/family system, it would be impossible to hide such distress from church leadership. Likewise, vendors would draw attention to any significant outstanding bill.

2.4.9 Allow tax payments or other government-ordered payments or filings to be overdue or inaccurately filed.

Interpretation:

Our bills to the government will get paid on time. Our filings to the government will happen in a timely and accurate way.

Measures:

1. Self reporting in this limitations report.
2. The absence of complaints by government.

Rationale for Measures:

1. The quickest and most direct form of confirmation is the direct report.
2. Any serious failure to comply with this limitation would draw visible attention from the government authorities.

2.4.10 Commit the church to any contract outside of approved budget authority.

Interpretation:

The executive, or her designee, may not sign contracts or make other financial commitments of operating funds that would exceed the authority granted by the congregation in the annual budget.

We often deal with multi-year contracts or contracts that extend beyond the end of the budgeted fiscal year. In those cases, the executive shall not make commitments of operating funds that exceed a moderately-conservative estimate of likely future budgets based on recent financial trends. A renewal of our multi-year photocopier contract, for example, is permitted. A long-term contract with a balloon payment at the end, such that we can afford it this year but may not be able to next year when the balloon comes due, would not be permitted.

Non-budgetary funds (e.g, restricted or designated funds), may be used to satisfy contractual obligations, always provided that said use conforms with the appropriate restriction or designation.

Measures:

1. Self reporting in this limitations report.
2. Review of contracts by auditor.

Rationale for Measures:

1. The quickest and most direct form of confirmation is the direct report.
2. An auditor can provide third party confirmation of compliance or the lack thereof.

[Revised: May 2012]

## 2.6. Asset Protection

The Senior Minister shall not cause or allow Church assets to be unprotected, inadequately maintained, or unnecessarily risked.

### Executive Operational Interpretation:

The Senior Minister has primary responsibility for the safety of church assets. Those assets must receive adequate protection. Although we cannot eliminate risk completely, the assets shall not be exposed to undue risk.

### Measures (Indicators of Compliance):

Specific measures of this appear in the interpretations that follow.

### Rationale:

This particular limitation serves as an umbrella for those that follow, which provide additional specificity. Any measures of this one, independent of the others, would prove redundant.

Accordingly, The Senior Minister Shall not:

2.6.1 Fail to insure against theft and casualty losses and against liability losses to Board members, staff, and the organization.

### Executive Operational Interpretation:

We shall carry adequate insurance in order to protect the organization, board, and staff against both casualty losses and liability losses.

We understand “casualty loss” to mean a sudden, out of the ordinary loss such as a flood or fire. We will carry sufficient insurance coverage to cover full replacement cost.

We understand “liability loss” to mean legal responsibility for injury or harm to a third party or a third party’s belongings.

### Measures (Indicators of Compliance):

Documentation that we hold an insurance policy that covers such losses.

### Rationale:

This limitation deals with holding insurance. The only possible measure is whether or not we have such insurance.

#### 2.6.2 Fail to seek professional, independent financial advice to guide investment decisions.

##### Executive Operational Interpretation:

We shall seek professional, third-party advice regarding church investments at least every three years. By third-party, we mean a non-church member and a professional advisor not affiliated with our broker.

As the UUA does with its endowment fund, and similar to the expenses for managing mutual funds, we will charge the costs of the professional advice to our investment funds (divided among them according to their size). We anticipate that those costs will amount to significantly less than 1% of the value of our invested funds.

##### Measures (Indicators of compliance):

A written, dated copy of the professional's advice, documentation of that person's credentials, and comparison of the name against the membership list (voting list) shall serve as indicators. Indicators shall also include a comparison of our portfolio against comparable investments.

##### Rationale:

The written, dated advice confirms that we have received advice and when we received it. Documentation of credentials confirms the advisor's qualifications. A comparison of her name against the voting list confirms that she is not a member.

#### 2.6.3 Fail to operate based on a clearly articulated investment plan, that may include mutual funds or Exchange Traded Funds (ETF), but that shall not include individual securities.

##### Executive Operational Interpretation:

We shall guide the church's investments according to a written investment plan.

The church's investment portfolio will not include individual securities. When we receive individual securities as a gift, we will sell them with all due haste (usually within a month).

Measures (Indicators of Compliance):

A copy of the written investment plan and of the investment portfolio will serve as indicators.

Rationale:

A comparison of the investment plan to the portfolio confirms that the plan exists, has been implemented, and that it does not include individual securities.

2.6.4 Allow un-bonded personnel access to material amounts of funds.

Executive Operational Interpretation:

Any staff with regular access to a material amount of funds shall be bonded.

For the purpose of this limitation, a material amount is \$500.

Measures (Indicators of Compliance):

A list of staff with regular access to a material amount of funds and a copy of the insurance policy that bonds them will serve as indicators.

Rationale:

The list plus the documentation of coverage confirm compliance.

2.6.5 Allow facilities, premises, and equipment to be subject to improper wear and tear or insufficient maintenance.

Executive Operational Interpretation:

We shall not allow the facility, grounds, or equipment to be used in ways that create unusual or undue wear and tear. We shall maintain the facility, grounds, and equipment in good, working order.

Measures (Indicators of Compliance):

To be determined. Measures will likely include such things as a regular safety inspection by our insurance company, rental policies and procedures that limit wear and tear and the like. During the following months we will consult with other churches to see how they measure

compliance with this sort of limitation.

Rationale:

To be determined.

2.6.6 Fail to protect intellectual property, information, and files from loss or significant damage, or the lack of application of appropriate documentation and retention standards.

Executive Operational Interpretation:

We are not aware of the church having any significant intellectual property to protect at this time.

The church keeps certain sensitive information such as direct deposit data of staff, member credit card numbers, and the like. That information shall be kept securely both electronically and physically, as appropriate.

We interpret “appropriate documentation and retention standards” to mean that we shall have and implement a document-retention policy that follows best practices.

Measures (Indicators of Compliance):

In the case of intellectual property, we will use a passive indicator: the absence of any substantiated reports of the infringement of our copyright.

Regarding sensitive information, a copy of our document retention policy, written affirmation of compliance with the policy, and the absence of reports of data misuse will serve as indicators.

Rationale:

Active indicators of the protection of intellectual property could prove quite expensive and out of proportion to the likely risk and losses that an infringement of our copyright would create. A passive indicator, in this case, is sufficient to confirm compliance.

With sensitive information, the active indicators of policy plus implementation provide a good first layer of defense. The significant misuse or abuse of sensitive data would draw the attention of impacted church members and potentially legal authorities, providing a second layer of defense and indicator.

2.6.7 Fail to seek competitive bids when appropriate.

Executive Operational Interpretation:

We will shop around before committing large amounts of funds. (Presently, any new contract of over \$5,000 within one fiscal year, or \$10,000 over multiple years, requires at least two bids. Any renewal contract of over \$15,000 within one fiscal year, or \$50,000 cumulatively, requires at least two bids.)

Measures (Indicators of Compliance):

To be determined. During the following months we will consult with other churches to see how they measure compliance with this sort of limitation.

Rationale:

To be determined.

2.6.8 Receive, process, or disburse funds under insufficient controls.

Executive Operational Interpretation:

We shall have and execute fiscal controls in order to minimize the opportunity for the misappropriation of funds.

Measures (Indicators of Compliance):

A copy of our fiscal control process and written affirmation of compliance.

Rationale:

A copy of the fiscal control process confirms the existence of the controls. A written affirmation confirms compliance.

2.6.9 Maintain material amounts of church funds outside either federally insured accounts or investments made pursuant to the clearly articulated investment plan.

Executive Operational Interpretation:

We anticipate that the church's liquid assets shall be kept in three ways, and in all cases with appropriate safeguards. In the case of banks, we shall use FDIC-insured accounts. In the case of investments, those investments will be kept with a reputable broker and the investments made according to a written investment plan. Petty cash and undeposited funds shall be kept locked up. Undeposited funds will be deposited at least once weekly.

For the purpose of this limitation, “material amounts” means 1% of the annual budget.

Measures (Indicators of Compliance):

Reconciled financial reports, a copy of a recent bank statement, and documentation of the bank’s FDIC status shall serve as indicators for assets in the bank. A copy of the investment plan, the reconciled financial reports, and a copy of a recent brokerage statement shall serve as indicators for assets in the bank. The financial reports will serve as an indicator of the amount of assets kept in petty cash. A written affirmation will indicate whether or not petty cash and undeposited funds are kept locked up.

Rationale:

The aforementioned indicators provide thorough documentation as to the whereabouts and safety of the vast majority of the church’s liquid assets. Petty cash and undeposited funds only rarely exceed 1% of the annual budget, and even when they do they are kept safe.

2.6.10 Endanger the organization's public image or credibility.

Executive Operational Interpretation:

The church’s reputation represents one of its most valuable, and most difficult to quantify, assets. We shall not engage in activities or practices that are likely to endanger it, as any negative impact to it could severely damage the organization’s fiscal health and ability to fulfill its mission.

Measures (Indicators of Compliance):

In the short-term, we will use a passive indicator: the absence of any substantiated reports to the contrary will serve as an indicator.

Over the long-term, we will develop methods of measuring, on a regular basis, the church’s reputation among both our members and our other stakeholders.

Rationale:

The meaningful measure of reputation, especially outside of membership, represents a potentially large investment of time and money. The development and use of measures beyond the passive indicators will require a thoughtful development of tools that will allow us to do this without the cost to the organization exceeding the likely risk and likely consequences of non-compliance.



2.6.11 Fail to follow UUA guidelines for Socially Responsible Investing to ensure that our investments are reasonably consistent with our values.

Executive Operational Interpretation:

The church's investments will either be kept in the UUA's Common Endowment Fund or shall be kept in such a way that conforms with the UUA's SRI guidelines.

Measures (Indicators of Compliance):

We will use measures similar to those used by the UUA to measure its compliance. During the coming months we will research the specifics of their measures.

Rationale:

If the UUA is the standard of excellence for this limitation, then its measure on this should likewise be the most appropriate.

[Revised: Mar 2012]

## Appendix H – Document Revisions

*Identify document changes.*

Version	Date	Name	Description
	8-16-2013	Michael Kersey	Updated Appendices for Work Group Members 2013-2014 and added Appendix to track document revisions.
	8-20-2013	Michael Kersey	Added more details to 8/16 revision description. Corrected appendix letter to align with table of contents.
	9-19-2013	Michael Kersey	Updated policy 2.8 to add 2.8.10 for executive support of congregational meetings. Update approved at 9/17/2013 Board of Trustees meeting.