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~~JJH:~~ ~~JGL:~~ TGG: RF
XF: None

October 22, 1984

VISTA

Mr. Howard Spielman
Health Science Associates
10941 Bloomfield Street
Suite B/C
Los Alamitos, CA 90720

Dear Howard:

Enclosed are my comments on your draft. Most are editorial but I think the word changes are important to clearly indicate the discussion.

In general you did a great job of summarizing a rambling 6-hour discussion. I'll look forward to seeing the final draft.

Sincerely,

Thomas G. Grumbles/ajo

Thomas G. Grumbles, C.I.H.
Director, Industrial Hygiene

ajo

Enclosure

cc Jeff Lee
Mary Murphy

VVV 000016222

October 16, 1984

AIHA Board of Directors
C/O Gene X. Kortsha, President
GMC Technical Center
3-229 Res. Adm. Bldg.
Warren, MI 48090

The AIHA Special Blue Ribbon Committee met on Oct. 3&4, 1984 in Salt Lake City. The atmosphere was congenial and there was frank discussion of the issues, we were asked to consider.

As chairman/facilitator my perception of the positions on the issues was as noted below.

1. The Board members have the impression that the Audit Committee wants to affect the making of the decisions of the Board.

2. The Board members see the Audit Committee's function as "auditing" and/or "examining" the performance of the "management" as opposed to detailed monitoring of the manner and style of the decision making process(es).

3. The Audit Committee members have no intention of suggest actively participating in ~~improving or altering~~ the decision making process(es) but feel they need to monitor the process(es).

4. The Audit Committee members feel that ideally there should be minimal need for an Audit Committee but that the presence and function of the Committee is useful to the membership.

5. The Board members felt that the Audit Committee's charter to report all findings directly to the members creates a hardship if the Committee is privy to sensitive information. The Audit Committee members felt that they could (and have) exercised discretion in determining when something was a "finding" that should be reported.

☆ Based on the timing of the completion of our report this may not be possible. Suggest the following: "The audit committee will discuss the content of it's annual report.... etc." —

In general, there was respect by the Board members and Audit Committee members for each one's responsibilities. Further, there seemed to be an honest desire among all parties to eliminate or at least minimize the founded adversary relationship between the Board and Audit Committee. In fact, there was willingness on the part of the Audit Committee to acknowledge the positive as well as the negative when reporting to the members. One Board member went so far as to suggest that from time to time the Board could possibly ask the Audit Committee to look into matters that the Board may not have the time or opportunity to investigate or evaluate.

The meeting ultimately resulted in two areas of general agreement: (1) A functional operating understanding that, pending approval by the Board and Audit Committee, will be an interim operating agreement, and (2) recommended changes in Bylaw Article XII which, after acceptance by the Audit Committee, should be given to the anticipated Long Range Planning Bylaw Committee.

Interim Operating Agreement

1. All Board members will receive Audit Committee communications.

2. Within 60 days the Board will acknowledge receipt and report the status of its consideration and/or response to Audit Committee communications.

☆ See above 3. The Audit Committee will send copies of its annual report to the membership to the Board in advance of presentation of same at the annual business meeting.

4. The following confidential issues are suitable for Board executive session where the Audit Committee will not attend.

   A. Staff personnel matters.

   B. Disciplinary matters (such as revocation of accreditations or revocation of memberships).

   C. Financial negotiations in process.

   D. Matters of litigation and legal sensitivity.

   F. Other matters agreed to be confidential by the Board and Audit Committee.

VVV 000016224

Suggest → The following issues are those considered confidential and sensitive by the board and therefore warranting an executive session. The audit committee agrees that they would not desire to attend these sessions.

5. Board agendas will show executive sessions and items therein.

6. The Audit Committee will routinely receive Board agendas and briefing/background information in the same manner as sent to the Board.

7. The Audit Committee Chairperson will notify Joe Wasdovich of which Audit Committee member will attend the next Board meeting. The agenda/briefing will then be sent to that person, or in the absence of notification, will be sent to the Audit Committee Chairperson.

8. The Audit Committee will submit items for inclusion in Board agendas when in its opininion such items should be brought up for discussion, clarification, information, action, et.al.

Should we state where? next directory, etc.

9. The Audit Committee will publish its operating procedures.

Recommended Revision of Bylaw Article XII

Audit Committee

Section 1. The Audit Committee shall be composed of no more than eight members in good standing none of whom have served as officers or directors of the Association in the two years prior to their nomination. The Audit Committee members shall be selected by the presidents of the Local Sections.

Section 2. The duties of the Audit Committee shall be to examine the management of the Association for the benefit of the members. ~~with the exception of the following confidential issues.~~

1. Staff personnel matters.

2. Disciplinary matters (such as revocation of accreditations or revocation of memberships).

3. Financial negotiations in process.

4. Matters of litigation and legal sensitivity.

5. Other matters agreed to be confidential by the Board of Directors and the Audit Committee.

VVV 000016225

Suggest: The following items are confidential and sensitive and may warrant an executive session of the board. The audit committee will not attend these executive sessions.

The role of the Audit Committee is to examine the management of the Association and not to participate in the decision making and governing functions of the Board of Directors.

Section 3. The findings of the Audit Committee, including recommendations for changes, shall be reported to the members at least annually.

suggest

Section 4. The Association shall furnish to the Audit Committee operating funds for travel and operating expenses necessary to carry out its purposes in an amount not to exceed one percent of the Association's annual operating budget. ~~unless~~ Additional funds may be authorized by a majority vote of the membership by mail ballot. The Audit Committee shall report its expenses and budget at least annually.

A Legal Question

The deliberations of our committee raised a legal question, the answer to which will help clarify issues of confidentiality in the future:

> What is the liability of Board members and/or Audit Committee members and/or other non-Board persons with regard to disclosure, either purposeful or inadvertent, of confidential information?

Summary

We met with mutual respect for each other's problems and responsibilities, we were frank with each other in our points of view and discussions, and we made progress toward reconciling the apparent and/or perceived differences and conflicts between Article VIII of the Incorporation and Article XII of the Bylaws.

The underlying motivation was the preservation and betterment of our Association and its service to the profession.

The report concludes the committee's work. By way of this concluding salutation I extend my personal gratitude to Alice Farrar, Tom Grumbles, Jeff Lee and Tom Selders for their positive participation.

Respectfully submitted,

Howard B. Spielman
Chairman

VVV 000016226

/tc
cc: J.R. Wasdovich
AIHA