

Getting Started with Abuse Prevention

Ten Steps to Help

Last year we published our SafeConduct™ policy template. We are pleased to know churches are using it, and that it has gotten good reviews. However, we have learned that it is a little daunting for a novice who is just starting down the path of self-educating in abuse prevention. It was suggested that we publish something on the order of “ten steps” that would help focus attention and sequence the project. So, here are our suggested starting ten steps. The order is not absolute, especially the earlier steps which may occur spontaneously. Some steps can be done simultaneously using different leadership resources.

Step 1: Take inventory of your child-serving programs throughout the year: nursery; day care/pre-school; sports; ministry projects; Boy Scouts, etc. Understand how many children you serve, and how many different staff and volunteers are involved. Understanding scale and variety will be important in defining the depth of program you need.

Step 2: Get a basic education by reading on our website: “*Preventing Child Sexual Abuse in Youth-Serving Organizations*” by the Centers for Disease Control. Look under “policy resources” on our SafeConduct™ Workbench. This will provide you a framework for discussion and a basic issues outline. At the same time identify who are “mandatory reporters” under your state’s child abuse reporting laws.

Step 3: Secure, minimally, a congregational consensus that this needs to be done, and ideally a leadership directive that it shall be done...with a deadline date. It takes a village, not a lone ranger. Engage parents.



Step 4: Read the SafeConduct™ policy template, which includes instructional material, from cover to cover to appreciate the moving parts and resources within it. Understand the policy objective is “prevention” of abuse, not “prosecution” of misbehavers.

Step 5: Harvest low-hanging fruit. Without publishing a complete policy, there are parts you can implement right away and have a sense of accomplishment. Start with training programs, especially for leaders, who must set the example and be advocates. The Insurance Board provides FREE on line training in the form of the *Armatus* training suite by Praesidium.

Step 6: Adopt a Code of Conduct. The focus is on nurturing SafeConduct™ and preventing abuse rather than catching “bad guys.” A Code of Conduct is in the SafeConduct™ template.

Step 7: Address environmental issues, including security, where you have significant activities such as day care, or large facilities. Think about identification, uniforms, cameras, supervising entrances, pick-up and drop-off, etc.

Step 8: Establish a screening and back-

ground checking process. This can be a contentious issue in some environments, but it is an essential element. The Insurance Board offers subsidized online background checking services. There are application forms in the SafeConduct™ policy template.

Step 9: Bring together the elements of the comprehensive SafeConduct™ policy template in committee and encourage contributions and feedback from constituent parents – that means church member parents and non-member day care or pre-school parents.

Step 10: Publish your final policy and present it in meetings of staff and volunteers, and constituent parents. Plan an audit in a year’s time to fine tune it based on experience living with the policy.

Claims Corner

Carl Kotheimer, Director Loss Control & Claims	216.736.3244
Cy McFarlin, Manager Claims Administration	216.736.3265
Alison Hanna, Claims Analyst	216.736.3250
Mark Zimmerman, Claims Analyst	216.736.3276
You May File A Claim On-Line	www.InsuranceBoard.org

Report It Timely Or Go To Jail!

From the time we created our SafeConduct™ workbench and began to offer services, education and consultation regarding safe church policy, we have been asked to review policies that churches have created. Without exception these policies contain procedures which introduced delay in reporting suspected abuse, and generally ignored state “mandatory reporter” laws.

Typically, policies were written with the presumption that someone would have direct knowledge of, or directly witness, sexual abuse. The procedures then called for creation of a committee that would investigate. When you look at the history of unreported child abuse, such as the Penn State case, you see institutional delays and dilution of facts to the detriment of the victims.

Last year in Oklahoma, officials of a mega-church (not an IB church) failed for weeks to report the rape of a 13-year-old girl in a church stairwell. Five church staff members were charged with criminal misdemeanors; two were sentenced to 30 days in jail; one received a one-year suspended sentence; and two received five-year suspended sentences.

If you are a “mandatory reporter” under your state’s child abuse reporting laws, then your statutory obligation is not satisfied by reporting suspected abuse to a committee. It is an individual obligation. On this basis, your safe church policy should explicitly recognize your state’s laws.

The emphasis of our SafeConduct™ policy template is abuse prevention. We focus on encouraging certain behavior and prohibiting other behavior. Most forbidden behaviors do not rise to the level of sexual abuse, but are potential indicators of grooming by a predator – for example, massages. In these instances progressive discipline is encouraged, such as on-the-spot- correction. Even then committees are not recommended.

When there is a repeated pattern of rule violation and failure to conform, then it’s time for a committee to consider disciplinary action or discharge – BEFORE, there is an act of reportable abuse.

Church Closure and Latent Risk

Shrinking congregations who must finally close their doors is a current reality. Sometimes the church will be sold. At other times a denominational governing body will assume the title and the responsibility. Regardless of the disposition of assets, there are a number of risk management and insurance issues remaining to be addressed.



- Let’s start with asbestos. There is plenty of it around in churches, whether around steam pipes or tile floors. When a church contains asbestos, the value will be impaired from the get-go because it imposes a burden upon a future owner.
- A governing body who potentially assumes title to such a property should also be wary of other environmental liabilities being assumed. In addition to asbestos, there may have been other pollution events in the past, for example, in connection with fuel oil storage tanks, other disposal of chemicals on the site or contamination of water wells. Current and prior uses of nearby properties may also be of concern. The method of addressing this exposure is a professionally conducted *Phase 1 Environmental Assessment*.
- Another major issue is vacant (for an extended period of time) churches. Insurance coverage for vacant properties may be excluded or limited because of the extra hazards of vandalism, theft, fire, water damage and mold. Even if the building is to be demolished, liability exposure remains as for any other landlord. Broken sidewalks and steps or an unsecured building which attracts children are an ongoing claim potential. Liability insurance needs to be maintained. When it is time to start swinging the wrecking ball, it is important to have a contract with a strong indemnity agreement, proof of insurance and all permits in order.
- Because some claims may outlive the church, church officers must consider extended coverage for themselves under existing sexual misconduct and D&O policies.
- Be sure to engage your insurance agent early in the process, whether selling or acquiring, so that you can understand and plan for both risks that cannot be insured and what risks must continue to be insured.

Fit, Trim and Holy

Recently the Disciples Church Extension Fund conducted a “charrette.” Described on their website as follows: “*Fit, Trim and Holy, an event designed to explore solutions to church building issues. Rick Reisinger, president of Disciples Church Extension Fund, pointed to the majority of congregations who are struggling to focus on and do mission because their buildings were constructed in, and for, another era when attendance was higher and construction and maintenance costs were lower.*”

You can find the resource material on the Extension Fund website: <http://www.disciplescef.org/resources/> We encourage exploring the experience of others in addressing these issues and kindling new life in their congregations.

Governance Signature/Contract Authority

Whether large or small, a part of corporate governance is control over purchases and contracts of value. While your church constitution (or by-laws) may address authority to engage in financial transactions, it may be unspecific, or invest a great deal of “apparent authority” with the treasurer. On the other hand, if a constitution is overly strict, an organization might ignore the constitution and establish informal practices. Whatever the constitution might state, the Insurance Board recommends a high level of discipline around authority to purchase or enter into agreements. Failure to do so is a recipe for disaster.

One approach is to define terms regarding purchase and contract authority in the constitution to reflect a hierarchy of approval and individual authority limits. The problem with this approach is that small adjustments in the structure may require a cumbersome congregational vote. Alternatively, the constitution might provide that the Board shall create, approve, biennially review, affirm or recommend changes in a published system of financial controls (handbook) and supervise an annual independent audit.

As an example (and not a prescription), the handbook might outline several layers of

authority or approval:

- An annual budget to be approved by the Board. No payment or contract may exceed the budget, nor transferred to another line item of the budget, without prior approval of the Board.
- A single purchase or contract having a value exceeding \$X shall require approval of the Board.
- All checks exceeding \$X shall bear signature of the treasurer and finance committee chair after approval of the Board as may be required. (Contract value = the sum of all payments in service of the contract until expired.)
- Subject to limitations as itemized in the annual budget, a contract for supplies or services not exceeding \$X may be executed by the Treasurer.

Whether financial processes are defined by constitution, by-laws, resolutions or a combination of these documents, the essential criteria is that no one person be able to initiate and fully execute a financial transaction or contract without oversight of another person(s). The purpose of this standard is several fold:

- Maintain budgetary discipline and pre-



vent “leakage,”

- Provide accountability and transparency to the congregation;
- Share responsibility for the church’s financial well-being; and
- Prevent mistakes.

When these steps are taken in a disciplined and collegial way, there is less likelihood of embezzlement or other issues over the money. And one final bit of advice to the church member who is most willing to take on financial responsibilities: You should refuse to work without the oversight of others, and not assume your duties without an independent audit that puts a “stake in the ground” at the point you begin service.

Your Summer Reading List!

As *The Steward* is arriving, it’s still summer, a time for vacation and for reading. For some of us, leisure reading means strictly “entertainment” by way of a good mystery. For others, summer reading is about self-improvement, or serious academics or business pursuits. While you are packing your bag, we would like to make some recommendations for easy short reads of the business management variety, all available on our website under Safety Solutions. Here are our picks:

- **Your Church: Employer & Small Business** – Just published this year, a “must read” for new church leaders and veterans as well. Look under Church Management.
- **Preventing Child Sexual Abuse in Youth Serving Organizations** – This pamphlet from the Centers for Disease Control provides a comprehensive, but digestible, basic education on the essential components of abuse prevention. Find it under the SafeConduct™ Workbench.
- **Loss Control Manual, Vol. 5 – Church Management** – Also found under Church Management, it provides checklists covering employment, financial controls, property management and more. Check out the other Loss Control Manuals, Vols. 1 through 4 also.
- **Small Business Handbook** – Published by the Occupational Safety and Health Administration, this is for the Popular Mechanics crowd who want to know the correct use of ladders, power-actuated tools and personal protective equipment.
- **Tax Guide for Churches and Religious Organizations** – IRS Publication 1828 is a must read for Treasurers and others taking care of taxes. You can find it simply by Googling “IRS Publication 1828.”
- **A Parents’ Guide to Social Networking Websites** – Published by the Attorney General of Idaho, this is a great primer for those who need to get up to speed about what children and grandchildren are doing via internet and smart phone. You will find this on the SafeConduct™ Workbench. There is also a video version from the ID AG linked from the Workbench. Follow the path to Internet Safety/ProtecTeens.

Lessons from MANY Losses: Occupational Fraud

Last year the Association of Certified Fraud Examiners (ACFE) published their biennial survey of occupational fraud case, entitled “*Report to the Nations on Occupational Fraud and Abuse*.” In the details of the report are some interesting lessons for churches. Since we do see large employee dishonesty claims and encounter situations of church turmoil over money, it was interesting to see how the ACFE data lined up with our experience. We thought we should share some of their conclusions and data.

First, their data did include the category of “religious, charitable or social services.” A striking conclusion was that “small organizations... were victimized by fraud more frequently than larger organizations and they suffered a disproportionately large median loss of \$147,000.” The median loss for not-for-profits was a little under \$100,000. And

40-50% of victim organizations do not recover any of their fraud losses. If you are not insured by the Insurance Board, do you have sufficient Crime/Employee Dishonesty limits? Some programs offer only \$5-15,000.

For religious, charitable or social services organizations, the most common sources of fraud were (1) billing schemes, (2) check tampering, (3) expense reimbursement and (4) skimming schemes. Without “separation of duties” principles incorporated in these transactions, they are vulnerable to abuse. The most vulnerable areas for churches: the counting of, and accounting for, weekly offerings; and single-person control of the checkbook/bank statements.

What about the perpetrator? The median loss goes up with age, tenure and education. Is that counterintuitive? Young and new employees may steal more often but get less money.

There are usually multiple “red flag” behaviors

associated with these losses. The top five include, in order of frequency: (1) living beyond means; (2) financial difficulties; (3) unusually close association with vendor/customer; (4) control issues, unwillingness to share duties; and (5) divorce/family problems. Other red flags include: wheeler/dealer attitude, irritability or defensiveness, addiction problems, complaints about pay, refusal to take vacations, complaints of lack of authority, and past legal problems.

According to ACFE data, without financial controls, fraud goes on twice as long and losses are 50% greater. We encourage you to be warned and take inventory and then review resources on our website to refine your financial controls. Go to www.InsuranceBoard.org and look under **Safety Solutions/Church Management**. Several examples of treasurer handbooks are linked there.

Beware the Parapet Wall

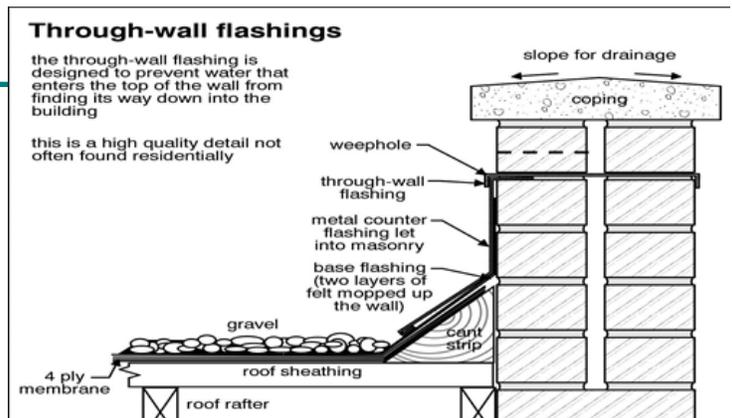
Historically a “parapet” was a wall, rampart or elevation of earth or stone built to protect soldiers. Parapets were integral to medieval architecture and the design was purely functional. Even after the demise of the bow & arrow and catapults as weapons, parapets continued to be incorporated in architectural design as an aesthetic feature. In modern architecture a parapet usually conceals a flat or low-pitched roof, or a built-in gutter system on a gable roof. The design relies on wall scuppers or interior drains to discharge water from the roof at its lowest level.

The roof is inherently the most vulnerable part of a building. Historically, the severest weather conditions have dictated roof design. Unfortunately, in the last half century, cost primarily has dictated roof design, resulting in flat and low pitched roofs in northern climates where they should not be. While parapets have some aesthetic appeal, dressing up an otherwise unadorned flat-roofed building, they are an inherently vulnerable design in climates where there may be heavy rains or heavy snowfall. Exceptional maintenance is required.

Recently, an element of severe weather has been large quantities of rain falling within hours. The result has been flooded rooftops with the consequence that any defect whatsoever in the roof surface will provide entry for water into the building.

These defects are often not known until it is too late. And because of variables in roof condition and design, every insurance company has excluded interior water damage caused by roof or wall defects.

Especially if your buildings have parapets at the lowest border of the roof, you must take extraordinary care of the condition of your flat or low-pitched roofs and their drainage. If you are at the point of patching and smearing tar around and repairing small leaks, it is time to replace the entire roof. After a deluge rainstorm during which the roof is unable to drain normally, you will likely experience interior water damage.



Insurance will not cover such a loss unless the wind has created an opening through which the water enters.

The Steward is the joint effort of:

Carl J. Kotheimer, Director
Loss Control & Claims and
Elizabeth Vance, Marketing &
Communications Coordinator

www.InsuranceBoard.org

www.facebook.com/InsuranceBoard

800.437.8830

The Insurance Board is a non-profit property and casualty insurance program serving the United Church of Christ, the Disciples of Christ (Christian Church), and Presbyterian Church (USA).