



Quarterly Insight into Current
Insurance Concerns for Churches



How Long Should We Keep Consent Forms and Screening Records?

By Richard R. Hammar, an editorial advisor at Church Law & Tax Report.

Q: Our insurance company says we only have to keep parental consent forms for church activities and outings for three years, but someone else told us the forms need to be kept until the child turns 18 years of age, for sexual abuse purposes. Which is true? Is there specific wording that should be included in the permission forms for this purpose? We do background checks and give safety and abuse awareness classes to all our children's workers and teen workers. Does that alone release us from responsibility since we have done all that is reasonable to protect our children?

A: If a church is sued for a case of child molestation that occurred during an off-site, overnight activity, the fact that the parents of the victim signed a parental consent form

allowing their child to attend the event would be of little, if any, evidentiary value in a lawsuit.

Parental consent forms, in general, should be retained until a minor child reaches age 18 PLUS the applicable statute of limitations for personal injury claims under state law. In your question, you also say your church also conducts background checks and gives training classes. This work is important, and it most likely involves the collection of numerous forms and records about the volunteer workers. I'm often asked about how long a church should keep such records. There is no legal requirement pertaining to the retention of these forms.

But, in the event your church is sued for a case of child molestation by a youth worker, you are definitely going to want to prove that you exercised due diligence in the screening

of that worker prior to using him or her in the church's youth ministry. The best way to do this is with application forms and references. Keep in mind that the statute of limitations for child abuse claims can last for decades, and so the "best practice" is to keep these forms, as well as your liability insurance policies, **permanently**. Imagine being sued today for an alleged incident of child abuse occurring 25 years ago? How are you going to rebut a claim of negligent selection if you cannot establish what you did to vet the perpetrator?

As a member church you are entitled to discounted and/or subsidized background checking services and child abuse prevention resources through the Insurance Board's relationship with Praesidium, the national leader in abuse risk management. Visit our NEW website to get the details: www.InsuranceBoard.org



Holiday Fire Safety and Talking Points!

When people think about the holidays, festivities and good cheer likely come to mind. Holidays also present an increased risk of fires. Fires during the holiday season often involve cooking, Christmas trees, candles and decorations. By taking some preventative steps and following simple rules, most fires can be prevented during the holidays.

Cooking

Unattended cooking is the leading cause of U.S. home fires and home fire injuries, with most cooking fires involving the stovetop. Commercial kitchens are no different.

Stay in the kitchen while cooking. Keep anything that can catch fire away from the stovetop, and turn it off when you leave.

If you have a cooking fire, just get out! When you leave, close the door behind you to contain the fire. Call 911 after you leave. If you do try to fight the fire, be sure others are getting out and you have exit access.

Keep a lid nearby when cooking to smother small grease fires. Slide the lid over the pan and turn off the stovetop. Leave the

pan covered until it is completely cooled. Oven fire? Turn it off and keep it closed.

Candles

Candles are widely used throughout the holidays; December is the peak month for candle fires.

When burning candles, keep them at least 12" away from anything that can burn, and remember to blow them out when you leave the room.

Use candle holders that are sturdy, won't tip over and are placed on uncluttered surfaces. Consider using flameless candles, which look and smell like real candles.

Christmas Trees

U.S. fire departments annually respond to an average of 230 structure fires caused by Christmas trees.

If you have an artificial tree, be sure it's labeled, certified or identified by the manufacturer as fire-retardant. If you choose a fresh tree, make sure the green needles don't fall off when touched; before placing it

in the stand, cut 1-2" from the trunk base. Add water to the tree stand daily.

Make sure your tree is not blocking an exit, and is at least three feet away from any heat source, like fireplaces, space heaters, radiators, candles and heat vents or lights.

Use lights that have the label of a recognized testing laboratory, and make sure you know whether they are for indoor or outdoor use. Replace any string of lights with worn or broken cords, or loose bulb connections. Connect no more than three strands of mini-string sets and a maximum of 50 bulbs for screw-in bulbs.

Always turn off Christmas tree lights before leaving the home or going to bed. Never use lit candles to decorate the tree. After Christmas, get rid of the tree. Dried-out trees should not be left in the home or garage, or even around the home. Bring outdoor electrical lights inside after the holidays to prevent hazards.

Visit www.nfpa.org/holiday for more information and safety tips.

+ Lessons from a Loss: 2016 Church Fires

Through September of this year, we have had an unusually large number of significant fire losses this year. Some were preventable and some were not. Here are the causes of loss that led to the fires:

- The furnace room was being used as storage and some of the items were placed too close to the furnace and ignited.
- A lightning strike.
- An incendiary fire determined by presence of an accelerant used to start the fire on the outside of the sanctuary which burned through the exterior wall to the building interior and to the roof.
- The owner of the house next to our manse was doing work on his roof with a torch and set his house on fire. The fire then spread to our manse and church and three other neighboring homes.

Consider how these fires may have been prevented. The furnace or boiler room should be kept clear of all objects not related to the operation and maintenance of

equipment found in the furnace or boiler room. Material storage in the boiler room may be in violation of local building and fire codes. Also, maintaining an open and uncluttered space in and around equipment in the furnace or boiler room is critical when maintenance and repairs of equipment located in this space is necessary.

Lightning rods can be installed to protect the structure in the event of a lightning strike. If lightning hits the structure, it will preferentially strike the rod and be conducted to the ground through the wire, instead of passing through the structure, where it could start a fire. This is particularly important for churches in high risk areas or if the church has a large steeple/bell tower.

As a side note, lightning strikes are fairly common for churches in comparison to other structures. So far in 2016, 12 of our churches have been struck by lightning. Although a few of the losses were not very significant, most of them were. These could have been easily prevented with a lightning rod. The National Fire Protection Association



tion (NFPA) has a standard specifically on the design of lightning protection systems.

There is not much you can do to avoid an arson fire, or the negligence of another party, except increase security, maintain and use exterior lighting, and trim vegetation to allow good visibility. Also, avoid storing combustibles outside near the church. In addition, the installation of a sprinkler system could minimize the extent of damage should there be a fire.

+ Financial Integrity Starts with the Right Team

Reduce the risk of fraud by creating a team that values solid internal controls!

By Chris Lutes, an editorial advisor at Church Law & Tax Report.

As the financial secretary of Corn Mennonite Brethren Church in Oklahoma, Ginnie War-kentin understands the need for teamwork when it comes to church finances. For War-kentin, this need recently received a huge exclamation point that's hard to ignore.

"I personally know of a church where one person took care of the offerings, wrote and signed the checks, and ended up embezzling a substantial amount of money," says War-kentin. With no one watching, the so-called "borrowing" got way out of hand.

"To reduce the chance of wrongdoing on the part of any one person," she stresses, "it's important for any church to have several people handle the offerings."

A Google search of "church embezzling" yields nearly 5,000 hits. "And those are only the cases that are made public," says CPA Vonna Laue, a managing partner and west region director with Capin Crouse.

"When you have so many duties consolidated with one person, there is always the risk of fraud," explains Laue, also an editorial advisor for *Church Finance Today*. "I always go back to the Scripture: 'In the multitude of counselors there is safety,' and in the church treasurer position that is true, too. When you have a team that you can rely on, it takes the responsibility and divides it up to the point that the pressure isn't all on one person."

Working as a team, with solid internal control in place, encourages "good decisions and can verify that the reporting is accurate," Laue says.

To make teamwork effective, you must have sound internal control, says CPA Mike Batts, managing partner of Batts Morrison Wales & Lee and an editorial advisor for *Church Finance Today*.

Batts points out that effective internal control starts with three key principles.

The first principle is segregation of duties. "For example, the people who actually handle money must be separate from the people who perform the accounting and reporting for that money," Batts says. "For this purpose, handling money includes processing live incoming currency and checks and having signatory authority over bank and investment accounts."

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The second principle is dual control. "As a matter of integrity for both the church and the individuals involved, live funds (currency and checks) must be processed by at least two unrelated people working together," says Batts. "And if funds are stored in a safe or vault, they must be stored in a manner that does not permit one person to be able to access them alone."

The third principle is oversight and monitoring. "The group responsible for overseeing the church's financial operations should be separate from the church's accounting team and should regularly and carefully review reports from the church's accounting team," Batts explains. "Unexpected variances or unusual items should be investigated."

"Additionally, the oversight group should perform certain procedures to verify the accuracy of key information in the reports. As an example, the oversight group should compare the cash and investment balances included in the accounting team's financial reports to independent supporting documentation (such as bank/investment statements)."

While the specifics of who does what vary from church to church, governance or oversight for finances falls to a board of trustees, a stewardship committee, or whichever group is the church's key financial decision maker. The treasurer, on the other hand, is generally responsible for such tasks as making sure the money is counted and properly recorded, overseeing the donor management system, making sure receipts are issued to donors, reconciling bank statements (including all digital giving accounts), maintaining and filing tax forms, making sure the bills are paid on time, and creating regular reports for the governing board or committee.

The size of the treasurer's team would vary depending on the size of the church and the way the duties are divided. Regarding counters, it's good to have a team of at least eight that rotate. And, of course, counters must always work in pairs.

For the sake of clarity, it is essential to document duties expected of each member.

As you seek out volunteers to help with the various tasks, you're obviously looking for individuals who are trustworthy and demonstrate a high level of personal integrity. Other traits to look for include:

- Love for the church. "First and foremost, they should be people who fully support and endorse the vision of the church," says Batts.
- Commitment to financial stewardship. "You are entrusted with the finances of God's ministry," says Laue. "You need to take that seriously. For instance, people are getting tax deductions for the donations they make to your church, so you need to make sure donations are handled properly."
- Value confidentiality. "Confidentiality is so important," says Dan Busby, president of the Evangelical Council for Financial Accountability and an editorial advisor for *Church Finance Today*. "If people show evidence of wanting to tell everybody everything that they see, they're not the kind of people you want handling financial information."
- No serious financial issues. "Someone who is about to go bankrupt and who is trying to figure out where they can find their next dollar is not a good person to have handling money," says Busby. "We talk about background screening for childcare workers; there should be background screening for those who handle God's resources." Busby says a general background check could reveal, for instance, "whether someone has run afoul of the law relating to financial matters."
- Basic finance skills. Specifically, the skills must match the duties required. Busby says that people on a financial team "don't have to be CPAs or they don't have to be vice presidents of finance." They do need to have a penchant for details, says Laue.

- Sensitive and tactful. "I remember serving as a treasurer and someone's check bounced," Laue says. "It could be really awkward to go and say, 'I got your check back.' This must be handled delicately, and not everyone is suited for that."
- Punctual. Members on a financial team must value timeliness. "It isn't unusual to see churches that are behind in reconciling their accounts," Busby says. "That's an open door for fraud."

A properly functioning finance team with solid internal control is essential for safeguarding the church's finances. It's also essential for a church's witness before a watching world.

"This is important work," says Busby. "This work is for people who are passionate about protecting the reputation of Jesus Christ."



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