

RISK MANAGEMENT

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INTRODUCTION

Risk is the possibility that a future event will threaten an organization's ability to carry on with its work and fulfill its mission. Risk management, then, is the affirmative actions that an organization takes to minimize that possibility, and the damage that would result should it occur. Managing risk is the responsibility of everyone within the church community, from the senior pastor to the occasional volunteer.

In today's world, every church organization, including local churches, needs to make risk management an integral part of its culture, for several important reasons:

- Risk management helps to protect staff, members, visitors, and the general public against harm;
- Risk management helps to reduce the number of claims and lawsuits filed against the organization;
- Risk management helps to prevent negative publicity that can lead to the erosion of the confidence and trust of members and of the general public; and
- Risk management helps to preserve the organization's financial viability.

Many organizations naively believe that purchasing insurance coverage is all it takes to address risk management. While the purchase of insurance is important, it is only one aspect of risk management.

Risk cannot be eliminated. Accidents can and do happen. Our culture has become one that increasingly seeks to assign blame when such accidents occur. It is now common for individuals to feel entitled to financial compensation. Thus, risk management can only seek to reduce the risk of accidents and other situations that could give rise to liability, and to provide some protection when unfortunate circumstances happen.

1. Crisis Communications Planning.

As noted above, not all risk can be eliminated, and accidents do happen. Some accidents become crises, and church organizations need to be prepared to handle these crises. When a crisis strikes, everything positive about a church organization and its ministry is called into question.

A prompt and positive approach to crisis communication is extremely important. A crisis almost always comes as a surprise, and it brings with it the potential scrutiny of church members, non-members, the media, lawyers, the government, and insurance companies. It is disruptive to church ministry and has the potential to create distrust, suspicion, and irreparable harm.

Church members and the public expect three things of a church organization when dealing with a crisis: they expect the church to care about what has happened; they want to know what the

church is doing about the situation; and they want to know that the church is taking active steps to prevent the situation from recurring.

2. Loss Prevention.

Loss prevention is a key element of risk management. Loss prevention includes three areas:

- Development of loss prevention policies,
- Identification of probable risks, and
- Reduction or elimination of risks and reduction of the severity of incidents.

These areas are intertwined and require ongoing monitoring. Whenever a church organization begins a new activity, whenever a torn carpet or stair tread is discovered, whenever new staff are hired, loss prevention measures should be considered. Additionally, each new generation of church leaders should be trained to protect people and property.

Church organizations should develop loss prevention policies that address all areas of risk reduction, including, but not limited to, fire, crime, safety, security, safe food storage and preparation, employment practices (job descriptions, performance appraisals, personnel policies, supervision, etc.), sexual misconduct, screening of staff and volunteers, supervision of children, pastoral counseling guidelines and boundaries, training, and child abuse prevention.

It is not enough to simply have policies. Churches must also identify probable sources of risk. The checklists at the end of this Section should be helpful in identifying probable risks and in identifying areas where loss prevention policies are inadequate. Each church organization has its own unique property configuration and ministries. Loss prevention should become an integral part of the church's mission and ministry and encouraged as an ongoing concern for every person in a leadership position.

The creation of policies and the identification of risks should combine to produce a reduction in, or elimination of, potential risks, along with a reduction in the severity of their impact. This is possibly the most difficult of the three areas, as it requires a church to evaluate the seriousness of the risk, determine whether and how the risk can be reduced or eliminated, evaluate all of these factors, and make decisions accordingly.

3. Conflict Training.

Conflict is a part of the life of every church organization. Conflict can come in many forms: the controversy over a new pipe organ, choir robes, or hymnal; the disappointed donor who feels that his/her large donation isn't being used for its intended purposes; the board member who voted "no" on an important decision and then, in frustration, shared with a large group of members why the decision was "wrong;" the accusation of abuse made by a child; the disappointment and fears of church members who do not want a band to lead worship; the staff member whose ideas have been rejected by the board; the angry emails to the pastor about a particular sermon; and so on.

While some of these conflicts seem relatively minor, any conflict, if poorly handled, can be very destructive.

Part of risk management is knowing how to deal with conflicts. Church leaders should be trained and re-trained on handling conflicts in peaceful and collaborative ways. Conflict training opportunities abound and should be explored. Some are focused on church organizations and others are based on business models. Regardless, the basic teachings are the same. Church leaders should practice their training and serve as a role model for everyone else in the organization on how conflict can be engaged openly and collaboratively.

This Section is not a handbook for dealing with conflict. A legal manual cannot adequately train church leaders on how to handle conflict. Instead, this Section of the will address other areas of risk management.

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INSURANCE

1. Responsibilities of the Church Organization.

Church organizations are responsible for adequately insuring the organization against those risks of financial loss that could impair the organization's ability to carry out its mission. The board of trustees is responsible for ensuring the church, and its property and personnel, are properly protected against risks.¹ As part of that responsibility, the board of trustees must annually compare the church insurance coverages to a schedule made available on GCFA's [website](#).²

The *Discipline* directs the board to include the results of the review in its annual report to the charge conference, along with any recommendations deemed necessary to bring the church into compliance with the schedule.³ The board must also provide a detailed statement on the insurance carried on each parcel of real estate and an indication of whether this insurance is adequate.⁴

The purchase of insurance coverage for any church organization should include the consideration of the following policies and procedures:

1. An annual review of the organization's insurance program.
2. An annual safety inspection of the buildings with fire officials to identify hazards that may cause personal injury, fire, or other loss of property.
3. A detailed inventory of all furniture and equipment, kept current with additions and disposals of items. A photographic inventory of all furniture, equipment, and rooms of the church is an excellent inventory record. Video tapes have been used effectively by some church organizations. All inventory reports should be kept off site in a bank safe-deposit box or similar secure location.
4. An appraisal of the value of all property, at least once every three years.
5. Before purchasing insurance coverage, the church should obtain at least two separate rate quotations.
6. A determination of actual annual premium costs, for use in budget development.

These annual reviews and periodic appraisals are important because rising replacement costs and changing laws (e.g., sprinkler and other safety ordinances) tend to reduce the adequacy of an organization's property insurance limits. Moreover, inflation and changing attitudes affect

¹ ¶ 2533.2.

² *Id.*

³ *Id.*

⁴ ¶ 2550.7.

the size and frequency of liability claims. Also, the expanding ministries of many church organizations require an ongoing review of the adequacy of coverage. New kinds of liability insurance may be needed to defend against new kinds of charges.

2. The Need for Church Insurance.

Insurance provides legal defense and pays for losses that could not be prevented. It helps guarantee the continuity of the organization by providing money for a new sanctuary or other church property in the event of destruction by fire, windstorm, or other natural phenomenon.

Liability coverages can protect the church against liability judgments and settlements that are increasing both in frequency and in amount. They provide a legal defense for the church organization and its employees, board members, and other volunteers. The cost of legal defense can be very expensive, even when the organization is not found liable. Some liability policies may also provide a medical payments limit to meet some of the costs of medical care, even when there is no legal obligation to do so. This promotes good will and can help reduce the likelihood of a lawsuit.

Specific insurance needs can only be determined after a careful review and evaluation of the replacement value of the organization's property and of the nature of the organization's activities. The annual insurance review should first focus on exposures to loss, then on the quality of the current insurance and insurer, and finally on the cost of insurance. Because insurance premiums are measurable and can be budgeted, they are inexpensive when compared to the surprise cost of large uninsured losses. Some churches have been closed permanently as the result of a total fire or of a major liability verdict.

3. Sources of Church Insurance.

United Methodist Insurance (UMI) is sponsored by the General Council on Finance and Administration, in fulfillment of the requirements of ¶ 807.19. This provision obligates GCFA to make an insurance program available to local United Methodist churches, annual conferences, agencies, and institutions.

If you are not participating in UMI, it is best to use an insurance company that has churches as one of its specialties. These companies are often better at settling losses because they understand the special needs of churches. It is also advisable to buy a complete program with high limits. Cutting corners to save money can prove to be very costly in the event of an uninsured or under-insured loss.

For more information on UMI, visit its [website](#).

4. Insurance Coverages.

Church insurers today typically provide coverage on a “package” basis, which will include a number of different types of coverages. However, directors and officers liability, employment practices liability, and fiduciary liability coverages are usually provided by separate policies. The [Safety and Insurance Handbook for Churches](#) provides more information on various types of insurance coverages available.

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BONDING AND AUDIT REQUIREMENTS

Paragraph 2511 states:

All persons holding trust funds, securities, or moneys of any kind belonging to the General, jurisdictional, annual, or provisional annual conferences or to organizations under the control of the General, jurisdictional, annual, or provisional annual conferences shall be bonded by a reliable company in such good and sufficient sum as the conference may direct. The accounts of such persons shall be audited at least annually by a recognized public or certified public accountant. A report to an annual conference containing a financial statement that the *Discipline* requires to be audited shall not be approved until the audit is made and the financial statement is shown to be correct. Other parts of the report may be approved pending such audit.

1. Bonding.

Paragraph 618 outlines the bonding authorities and responsibilities of annual conference councils on finance and administration. The *Discipline* also requires the bonding of local church treasurers.⁵

2. Audits.

Annual Conferences.

Paragraph 617 outlines the responsibilities of the annual conference council on finance and administration as to auditing:

1. It must have a certified public accountant audit the accounts of the conference treasurer within 150 days of the close of the fiscal year and report those findings to the annual conference;
2. It must review the audits of all conference agencies and all agencies, institutions, and organizations that receive conference funds;
3. It must review the audits of all districts and district agencies; and
4. It may create an audit review committee.

Local Churches.

The local church committee on finance is required to provide for an annual audit of the records of the financial officers of the local church and its organizations and to report the findings to the charge conference.⁶ The appropriate extent and depth of these audits will vary significantly,

⁵ ¶ 258.4b.

⁶ ¶ 258.4d.

depending on the size of the local church. In general, the term “audit” does not refer to specific procedures, but denotes only whatever work an auditor undertakes in the way of substantiating or examining transactions, the records of a series of transactions, financial statements, or schedules reflecting one or more transactions or accounts. From a practical standpoint, the auditor of a local church must be satisfied that the financial statements of the church and their accompanying notes or records fairly represent the church’s financial position. An audit should verify the state of assets and liabilities, the existence and evaluation of contingency reserves, the distribution of receipts as indicated in the income statement, and the accurate recording of prior year financial transactions.

District superintendents should note any problems mentioned on the audit and ascertain what plans are in place to resolve them. Failure to have an audit performed at all, or having the audit done by an interested party, can be warning signals of potential financial problems in a local church.

GCFA has created a Local Church Audit Guide, which is available [here](#).

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APPENDIX

DOS AND DON'TS WHEN A LAWSUIT IS FILED

When The Papers Arrive.

- Do not sign anything other than a simple messenger's receipt that acknowledges your receipt of the court papers.
- Keep the envelope or wrappers in which the papers were delivered.
- Make a written notation of the date and time the documents were received and the method by which they were received (hand delivery by a court official, mail, messenger, etc.).
- Call your attorney immediately for instructions.
- Call your insurance broker or agent immediately. Forward a copy of the papers to your broker/agent, with a dated cover letter (save a copy of the cover letter).
- Determine whether your organization has a policy already in place for what to do when a lawsuit is filed. Make sure you follow the requirements outlined in such a policy.
- Deliver a copy of the papers to other leaders in your organization, as appropriate (the chair of the staff/pastor parish relations committee, the treasurer, the chair of the church council, etc.).
- Inform the bishop, district superintendent, annual conference (including the chancellor), as appropriate.
- If the complaint names "The United Methodist Church" as a defendant, contact the GCFA Legal Department immediately.

The Next Step.

- Sit down with a small group of leaders (the makeup of the group will vary depending on the nature of the lawsuit) and decide key strategy issues:
 - Prepare for possible media interest.
 - Decide who is going to be the "up front" person on the lawsuit to handle inquiries, assist counsel, follow what's happening, etc. This person should be someone who has excellent follow through skills, knows how to keep information in strict confidence, and who consistently uses good judgment about delicate matters. Ensure that this person gets the necessary training on what is appropriate to say, when, and to whom.
 - Ensure that a good file of all documents is maintained. Decide who is going to maintain that file.

- Decide whether the local church congregation needs to be informed of the lawsuit. Legal counsel should be consulted here.
 - Decide whether any local church pastoral care will be needed and develop a plan to address these needs.
 - Decide whether pastoral care will be important for anyone else.
 - If the lawsuit is based on pastoral misconduct, determine whether there has been an internal disciplinary action filed and, if so, its status. If not, decide whether it would be appropriate to pursue such an action at this time.
- Make sure an attorney is hired immediately to file the appropriate response to the lawsuit. If your insurance agent/broker is not able to give you the name, address, and phone number of the attorney assigned to the case within several days of your receipt of the papers, you will need to have your own attorney obtain an extension of time for the filing of appropriate papers. **There are important, short deadlines for the filing of responses in lawsuits. Filing the wrong response can result in significant legal problems down the line. To protect your interests, it is crucial that an attorney be engaged immediately.**
 - Do not discuss the lawsuit with anyone other than your attorney and the small group of leaders who work together to develop a strategy for what to do next.
 - Do not call the plaintiff, the plaintiff's attorney, or anyone else who might be on the other side of the suit. All communication with opposing parties should be done by your attorney.
 - Do not call or visit with the judge.

When You Meet With Your Attorney.

- Be completely open, truthful, and forthright. Your attorney cannot help you if you hide information. Do not decide for yourself what information is important or unimportant. Let your attorney be the judge of that.
- Bring copies of all documents, writings, and other things that may have anything to do with the lawsuit (keep the originals).
- Talk with your attorney about your insurance coverage.
- Remind your attorney that he or she represents you, not your insurance carrier.
- Listen to your attorney and follow his or her advice. If you disagree with something, resolve the disagreement immediately.
- Educate your attorney about the United Methodist denomination. Make sure that he or she understands the importance of the structure of the Church. Tell your attorney that there are lawyers at GCFA who may have materials that would be of assistance in the case.

- If you receive a “reservation of rights” letter or a “denial of coverage” letter from your insurance carrier, you should obtain an opinion from your conference chancellor or a special insurance coverage attorney about whether there are steps you should take to protect your legal rights under the insurance policy(s).

As the Case Progresses.

- Call your attorney immediately if you receive any additional official papers related to the lawsuit.
- Make sure that your “up front” person is continually updated about the status of the case and has access to independent legal counsel (such as the conference chancellor) to help answer questions about legal strategies and maneuverings and to address concerns regarding insurance coverage or actions being taken in the lawsuit by your attorney or others.
- Keep others within the denomination (bishop, district superintendent, annual conference, GCFA, etc.) updated on the progress of the case.

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TIPS FOR PREVENTING AND CATCHING THE MISUSE OF CHURCH FUNDS

For Pastors and Audit Committees, From a Church That Has Been There

FOLLOW THE MANDATES OF *THE BOOK OF DISCIPLINE* —
THEY HAVE BEEN PUT THERE FOR A REASON

When you think of embezzlement, do you think of a high-powered thief stealing millions from a multi-million dollar corporation? On the contrary, much embezzlement is done simply, and on a small scale by trusted employees, and churches can be vulnerable because of the high level of trust of all persons. It often happens because of inadequate internal controls in a church organization's accounting system.

Below you will find tips for preventing and catching the misuse of funds. If you maintain the suggested controls, it is a good indicator that everything possible is being done to prevent employee or volunteer fraud. An internal control system must, of course, be designed to fit the needs and size of a particular church organization, but these tips can serve as a starting point for determining whether you need an internal control review. An internal control review may help set up and maintain stronger controls.

Note: There are no foolproof guarantees against embezzlement and fraud! Internal controls can only help prevent them. Remember *The Book of Discipline* requirement of fidelity insurance or bonding.

Many internal control procedures are strictly observed when they are first implemented; then, because of job turnover, for the sake of convenience, or because employees and volunteers are trusted, they are no longer enforced. Thus, a periodic checkup for internal controls is a good idea.

GENERAL TIPS.

- 1) Run a total for an account at random (for instance, altar flowers). Does the treasurer's figure come close to the amount you think it should be? Most churches have a set weekly fee: simply multiply it by 52.
- 2) Read the treasurer's reports to your administrative council and to the charge conference. Does one statement's ending balance equal the next beginning balance? Are there accounts (heat, etc.) that seem unreasonably high? If nothing else, you might bring expenses under control. A "no secrets" and "full disclosure" culture will also foster trust and cooperation with members.

- 3) Ask your auditor for suggestions to improve your accounting procedures and internal controls and then take their suggestions to heart.
- 4) If your treasurer is not an accountant or bookkeeper, provide training and consultation.
- 5) Know the requirements of *The Book of Discipline*! There are provisions in place designed to protect the local church from having these problems (annual audit, bonding, regular and detailed reports from the treasurer to the committee on finance and church council).
- 6) Questions deserve answers. When questions are raised to the pastor (or chair of the church council) that something is wrong, follow up! It may be difficult to imply that something is wrong, but it is worse to have contributions made to God through the church misused. Everyone may feel better if the treasurer is totally cleared and an explanation is given.
- 7) Make sure that there is adequate bonding on church officials who handle money. (§ 258.4b)*
- 8) Rotate your treasurers. (§ 247.7) Embezzlers will strike you as the most dedicated of people. They cannot afford to take time off or be replaced, because they will be found out.
- 9) All employees should take annual vacations and their jobs reassigned to others in their absence. Funds should not wait to be deposited until the usual depositor returns from an absence.
- 10) **Don't get paranoid.** Most treasurers are good, honest people. But embezzling is a sickness that doesn't go away or get better. In fact, the activity and amount generally grow to the point where the embezzlement becomes obvious and the person is caught. Embezzlers were good, honest people at one time, and are able to make excuses for themselves in their own minds. The United Methodist system does work when you use it. We have budgets, audits, and rotations for reasons. Don't let your local church down by ignoring the safeguards.

OFFICE SECURITY.

- 11) Minimize the use of petty cash. Establish procedures for the permissible uses of petty cash and the maximum amount that may be removed at one time. Larger purchases should be handled with a voucher system. Petty cash payments should be backed up by vouchers that have proper approval.
- 12) Vendor invoices should be approved by the proper party before payment and marked paid after payment, with a notation for the date of payment and check number.

* EDITOR'S NOTE: The *Discipline* references contained in this document have been updated to the equivalent 2016 paragraphs.

- 13) Though distasteful to many, routine background criminal and/or financial checks can be very helpful for anyone who will be handling money or accounts. The laws and procedures differ from state to state. Written authorization and compliance with state and federal law are required.
- 14) You don't have to wait until the end of the year for an audit or to have your treasurer complete the charge conference report. If you do choose to have the treasurer fill out this report, do not simply file the report in last year's charge conference file! Look it over and compare with the previous year's. Between December 31 and January 1, one church lost as much as \$15,000 on paper (the treasurer had already spent it, and this covered the trail). The treasurer simply began the new report with a different balance from the end of the last report. This way, there was \$15,000 that did not have to be accounted for in the new year. The committee on finance is to provide annual audits of records of financial officers of the local church and report to the charge conference. (§ 258.4d)
- 15) Sudden changes in apportionment payouts may be a sign of trouble. Can you make it one year and not the next without really knowing why? The same can be true of general expenses — if you don't know how or why you sometimes make or miss your budget, take a look at your finances and find out. It may or may not be the treasurer, but you need to find out what forces are driving your church.
- 16) If you find that groups or committees are setting up their own treasuries, you have a problem. If they do it because the “church” cannot afford to pay its bills, why is it that all of these separate groups can? These separate groups can “enable” the embezzler because they confuse the financial situation. They also can prolong the embezzlement because they put off the eventual financial crisis.

CHECKS AND BALANCES.

- 17) Mail should be opened by someone other than the treasurer (or his/her assistant).
- 18) Be sure you are seeing the original checkbook, checks, and records. Do not take your work for granted.
- 19) Bank statements should be reviewed/reconciled by someone other than the treasurer (or his/her assistant).
- 20) A regular list of checks received should be prepared by someone other than the treasurer (or his/her assistant). The list should be reconciled to the cash-receipts journal.
 - Arrange with your bank for deposit on Sunday.
 - Do not remove cash to a home; many insurance policies will not cover the loss of funds under these circumstances.
 - Secure cash in a fireproof safe if it cannot be deposited immediately.

- Counting teams should be rotated.
 - Money should be counted by at least two people (not family members) in a secure area of the church.
 - The offering total should be documented in a consistent manner.
- 21) A duplicate deposit slip should be made out by the bank and retained.
 - 22) Pre-numbered checks should be used for all payments.
 - 23) Checks should not be signed until made out (not pre-signed). The check signer should be given supporting documents such as invoices at the time she/he is given the check to sign. If possible, consider requiring two signatures on all checks and withdrawals.
 - 24) Canceled checks or equivalent bank documentation should be stored at the church. Yes, storage is a problem, but requesting bank copies of checks is extremely expensive and time consuming. The audit committee should review checks/documentation to be certain that the stubs match the checks/documentation. Get at least one bank statement. Does it agree with the treasurer's books?
 - 25) Sign the checkbook itself with the date and balance at the time of the audit. Next year, begin at this point.
 - 26) Make sure your finance secretary and treasurer are two separate people. Funds can quietly disappear when the same person deposits the money and writes the checks.
 - 27) Instruct your bank to notify the pastor or the church office of any overdrafts. Many times, bank statements go only to the treasurer, who can then manage to cover misdeeds.
 - 28) Put the canceled checks in numerical order or have the treasurer tape them back into the checkbook. Make sure all the checks are accounted for, even the voids. It is important to mark the check and the stub "void" and tear the signature area. If other than checks are provided as documentation from your bank, retain and verify with voided checks. These tasks should be done by someone other than the treasurer.
 - 29) The committee on finance should designate two persons (preferably not related and not the treasurer) to count the offering, giving a record of funds to both the financial secretary and treasurer. (§ 258.4a).

LOCAL CHURCH SELF INSPECTION CHECKLIST

UNITED METHODIST LOSS CONTROL PROGRAM

NAME OF CHURCH _____

ADDRESS _____

Instructions: Answer each item with YES, NO, or NA (not applicable). Support all "NO" items in the "COMMENTS" section, and indicate the date when corrective action has been implemented.

<u>FOLLOW-UP</u>	<u>YES/NO/NA</u>	<u>COMMENTS</u>
------------------	------------------	-----------------

WALKING/DRIVING SURFACES

- | | | |
|--|-------|-------|
| 1. Are parking lots/sidewalks free of slip trip and fall hazards? | _____ | _____ |
| 2. Are stairs/ramps in good condition and provided with handrails? | _____ | _____ |
| 3. Are snow/ice/leaf removal procedures in place? | _____ | _____ |
| 4. Are water absorbent mats used at entrances? | _____ | _____ |
| 5. Is exterior lighting adequate throughout premises? | _____ | _____ |
| 6. Are interior stairwells properly illuminated and equipped with handrails and non-slip treads? | _____ | _____ |
| 7. Are interior floor surfaces in good condition? | _____ | _____ |
| 8. Are non-slip finishes/waxes used on floors? | _____ | _____ |

LIFE SAFETY

- | | | |
|---|-------|-------|
| 1. Do you have a fire prevention plan? | _____ | _____ |
| 2. Are exit doors equipped with illuminated exit signs? | _____ | _____ |

FOLLOW-UP

YES/NO/NA

COMMENTS

- | | | |
|---|-------|-------|
| 3. Are exit doors equipped with panic hardware? | _____ | _____ |
| 4. Are facilities equipped with emergency lighting? | _____ | _____ |
| 5. Are doorways/halls/aisles free from obstruction? | _____ | _____ |
| 6. Have emergency preparedness procedures been implemented, including staff training and drills? | _____ | _____ |
| 7. Are emergency phone numbers posted throughout? | _____ | _____ |
| 8. Are appropriate personnel trained in first aid and CPR? | _____ | _____ |
| 9. Do staff know how to respond to an incident of poisoning? | _____ | _____ |
| 10. Are facilities annually inspected by the fire department? | _____ | _____ |
| 11. Are first aid kits easily accessible and adequately supplied? | _____ | _____ |
| 12. Are maintenance volunteers and staff adequately trained on using ladders and other equipment? | _____ | _____ |
| 13. Have steps been taken to provide a safe environment when persons work alone in the building? | _____ | _____ |
| 14. Does staff know how to respond safely to strangers? | _____ | _____ |

YOUTH ACTIVITIES

- | | | |
|---|-------|-------|
| 1. Is a child abuse prevention policy in effect? | _____ | _____ |
| 2. Are applicable personnel adequately screened? | _____ | _____ |
| 3. Are alleged incidents properly documented? | _____ | _____ |
| 4. Are procedures in place for response to allegations? | _____ | _____ |

FOLLOW-UP

YES/NO/NA

COMMENTS

- | | | |
|--|-------|-------|
| 5. Are activities adequately supervised by at least two competent adults? | _____ | _____ |
| 6. Is a youth disciplinary policy in effect? | _____ | _____ |
| 7. Are appropriate day care staff/child ratios used? | _____ | _____ |
| 8. Are day care operations licensed by the state or local authority having jurisdiction? | _____ | _____ |
| 9. Is playground equipment safely installed, in good condition, and in compliance with industry standards? | _____ | _____ |
| 10. Does the church obtain signed consent forms and releases for activities, including medical authorization? | _____ | _____ |
| 11. Are all youth activities covered by adequate insurance? | _____ | _____ |
| 12. Does the church have procedures to ensure that children are released only to the correct person and at the end of the event? | _____ | _____ |
| 13. Does the church always have an adequate number of trained/secured adults for all activities? | _____ | _____ |
| 14. Do staff and volunteers know what to do in the event of suspected child abuse? | _____ | _____ |

TRANSPORTATION SAFETY

- | | | |
|--|-------|-------|
| 1. Has a personal use policy been implemented for church vehicles? | _____ | _____ |
| 2. Has a business use policy for personal vehicles been implemented? | _____ | _____ |
| 3. Are Certificates of Insurance obtained from drivers? | _____ | _____ |
| 4. Do drivers have good driving records? | _____ | _____ |
| 5. Are Motor Vehicle Reports obtained at least annually for all drivers? | _____ | _____ |

FOLLOW-UP

YES/NO/NA

COMMENTS

- | | | |
|--|-------|-------|
| 6. Are vehicles equipped with accident report forms? | _____ | _____ |
| 7. Are pre-trip inspection procedures in place? | _____ | _____ |
| 8. Are vehicles equipped with emergency equipment (e.g., extinguishers, fuses, reflectors, first aid kit)? | _____ | _____ |
| 9. Is periodic driver safety training provided? | _____ | _____ |
| 10. Is a safety belt use policy in place for all passengers? | _____ | _____ |
| 11. Is tire wear & pressure checked regularly for church vehicles? | _____ | _____ |
| 12. Are church vehicles serviced on a regular maintenance procedure? | _____ | _____ |
| 13. Do drivers know what procedures to follow in the event of an accident? | _____ | _____ |

CONTRACTUAL AGREEMENTS

- | | | |
|---|-------|-------|
| 1. Are Certificates of Insurance obtained from contractors and reviewed for adequate limits and effective dates? | _____ | _____ |
| 2. Are Certificates of Insurance obtained from outside users of church facilities? | _____ | _____ |
| 1. Have you reviewed the contracts portion of the GCFA Legal Manual? | _____ | _____ |
| 2. Are contracts signed only after proper authorization? | _____ | _____ |
| 3. Are your contracts with outside persons who use the church premises adequate to protect the church from liability for the outside persons' activities? | _____ | _____ |

PHYSICAL PREMISES

- | | | |
|---|-------|-------|
| 1. Are heating boilers and pressure vessels properly inspected, maintained and safely arranged? | _____ | _____ |
|---|-------|-------|

FOLLOW-UP

YES/NO/NA

COMMENTS

- | | | |
|--|-------|-------|
| 2. Are furnaces/boilers located in separate rooms with fire resistive walls and ceilings and a self-closing fire door? Is the room free of combustive materials storage? | _____ | _____ |
| 3. Has the electrical system been inspected by a qualified electrical contractor within the past year? | _____ | _____ |
| 4. Are there adequate outlets for electrical service? | _____ | _____ |
| 5. Are extension cords limited to temporary use only? | _____ | _____ |
| 6. Is responsibility assigned for disconnection of all electrical appliances when not in use? | _____ | _____ |
| 7. Are all electrical appliances UL listed/grounded? | _____ | _____ |
| 8. Is a lightning protection system (especially for steeples, spires and towers) in place and inspected annually by a qualified contractor? | _____ | _____ |
| 9. Is cooking equipment protected by an automatic extinguishing system and fuel shut-off and inspected semi-annually? | _____ | _____ |
| 10. Is refrigeration equipment adequately maintained? | _____ | _____ |
| 11. Are Class BC rated fire extinguishers properly located (near the kitchen exit) and inspected and charged annually by a qualified contractor? | _____ | _____ |
| 12. Are the number of extinguishers adequate and appropriately located? | _____ | _____ |
| 13. Check that a fire blanket is present in the kitchen. | _____ | _____ |
| 14. Check that the area near and above the range top is free of flammable items such as paper towels, dish towels, plastic bowls or utensils and potholders. | _____ | _____ |
| 15. Check that packages and empty ingredient boxes are stored away from the burners. | _____ | _____ |

FOLLOW-UP

YES/NO/NA

COMMENTS

- | | | |
|--|-------|-------|
| 16. Check that flammable cooking ingredients such as cooking oil have their lids on tight and have been stored away from burners. | _____ | _____ |
| 17. Check that the range hood is clean. | _____ | _____ |
| 18. Check that grease traps have been cleaned. | _____ | _____ |
| 19. Check that you have safety posters and instructions prominently placed to provide guidance on appropriate use of the kitchen. | _____ | _____ |
| 20. Are cribs, toys and other equipment in children's rooms in compliance with Consumer Product Safety Commission recommendations? | _____ | _____ |
| 21. Is the bell tower secured from unauthorized access? | _____ | _____ |
| 22. Are ladders in good working condition and in compliance with industry standards, and have the persons who use them been trained on ladder safety? | _____ | _____ |
| 23. Are all poisons kept out of the reach of children? | _____ | _____ |
| 24. Are sprinklers, standpipes and hoses inspected and tested at least annually by a qualified inspector? | _____ | _____ |
| 25. Are facilities equipped with heat/smoke detectors which are inspected at least quarterly? | _____ | _____ |
| 26. Have facilities been inspected for lead/asbestos and other environmental hazards?
Have underground storage tanks been registered with the state and monitored for leakage? | _____ | _____ |
| 27. Are flammable (not latex) paints, thinners, gasoline, and other products stored in a garage or shed? If they must be stored inside the church, are they kept in locked metal cabinets? | _____ | _____ |
| 28. Is the building kept free of accumulations of combustible materials? | _____ | _____ |

FOLLOW-UP

YES/NO/NA

COMMENTS

29. Are solvent, stain or oil soaked rags kept in closed metal containers and disposed of promptly?

SECURITY

1. Are facilities inspected annually by the police department?
2. Are facilities protected by a UL listed burglar alarm system connected to a central station?
3. Is church property protected by measures for:
 - a. key control?
 - b. storage in buildings during modifications?
 - c. protection of valuables?
4. Are facilities protected with exterior lighting and natural surveillance (e.g., trimmed trees, shrubs)?
5. Are non-exit doors equipped with double cylinder dead bolt locks?
6. Are controls in place to protect computers, data processing equipment and software?
7. Are church valuables photographed, documented and appraised with off site storage of records?
8. Are cash deposits handled in a timely and secure manner?
9. Have arrangements been made with the police department to conduct periodic night time surveillance?

PARSONAGE SELF INSPECTION CHECKLIST

UNITED METHODIST LOSS CONTROL PROGRAM

NAME OF CHURCH: _____

ADDRESS: _____

Answer each item with YES, NO, or NA (not applicable). Support all "NO" items in the "COMMENTS" section, and indicate the date when corrective action has been implemented.

<u>FOLLOW-UP</u>	<u>YES/NO/NA</u>	<u>COMMENTS</u>
------------------	------------------	-----------------

HEATING EQUIPMENT

- | | | |
|--|-------|-------|
| 1. Is all heating equipment including chimneys, flue connectors, hot air ducts and parsonage heating appliances: | | |
| a. In good serviceable condition and well maintained? | _____ | _____ |
| b. Properly insulated and separated from all combustible material by a safe distance? | _____ | _____ |
| c. Serviced by a qualified person within the past year? | _____ | _____ |

LIGHTING AND ELECTRICAL EQUIPMENT

- | | | |
|--|-------|-------|
| 1. Has the electrical system been inspected by a competent electrical contractor recently? | _____ | _____ |
| 2. Are alterations of electrical installations made only by a qualified electrician? | _____ | _____ |
| 3. If any fuse or circuit breakers require frequent replacement or restoration, have these circuits been checked by a competent electrician for overloading? | _____ | _____ |

FOLLOW-UP

YES/NO/NA

COMMENTS

- | | | |
|--|-------|-------|
| 4. Are all fixtures, outlets and extension cords in safe condition? | _____ | _____ |
| 5. Are extension cords used only for temporary situations? | _____ | _____ |
| 6. Are air conditioning units properly wired? | _____ | _____ |
| 7. Are computer systems properly wired and equipped with surge protection devices? | _____ | _____ |

APPLIANCES

- | | | |
|--|-------|-------|
| 1. Are kitchen range ventilating hoods, filters and ducts free of grease accumulation? | _____ | _____ |
| 2. Are refrigerators, freezers, stoves, microwaves, washers and dryers properly wired? | _____ | _____ |
| 3. Is manufacturer-recommended air space provided around all large appliances? | _____ | _____ |
| 4. Are appliance exhaust systems properly vented? | _____ | _____ |

PROTECTION

- | | | |
|--|-------|-------|
| 1. Is there a sufficient number of proper fire extinguishers provided? | _____ | _____ |
| 2. Have fire extinguishers been inspected or recharged within a period of one year? | _____ | _____ |
| 3. Is the date of inspection or recharge shown on a tag attached to each extinguisher? | _____ | _____ |
| 4. Are UL listed automatic fire and smoke detection devices installed and operational? | _____ | _____ |
| 5. Are smoke detector batteries checked semi-annually where warranted? | _____ | _____ |
| 6. Are spaces beneath stairs, in attics and basements free of combustible material? | _____ | _____ |

FOLLOW-UP

YES/NO/NA

COMMENTS

PUBLIC LIABILITY EXPOSURES

- | | | |
|---|-------|-------|
| 1. Are all walkways and floor surfaces safe (free of holes, uneven surfaces, cracks, carpet tears, etc.)? | _____ | _____ |
| 2. Are sidewalks kept free of snow and ice? | _____ | _____ |
| 3. Are all steps in good repair and provided with handrails? | _____ | _____ |
| 4. Has the parsonage been inspected for lead and asbestos, and proper safeguards taken? | _____ | _____ |

FURNISHINGS AND EQUIPMENT

- | | | |
|--|-------|-------|
| 1. Are all church-owned furnishings and equipment properly maintained and stored? | _____ | _____ |
| 2. Are mowers, snow throwers, hedge trimmers and combustibles safely stored? | _____ | _____ |
| 3. Are computer systems properly wired and equipped with surge protection devices? | _____ | _____ |

INSURANCE

- | | | |
|---|-------|-------|
| 1. Do the church and/or pastor maintain adequate property and liability insurance on the parsonage and furnishings? | _____ | _____ |
| 2. Is there a video or written inventory of all church-owned personal property in the parsonage stored off-site? | _____ | _____ |

COMMENTS (Use additional sheets as necessary):

INCIDENT INVESTIGATION REPORT

UNITED METHODIST LOSS CONTROL PROGRAM

Name of Church: _____

Claimant: _____ Age: _____

Relationship: Staff Member _____ Congregation Member _____ Visitor _____

Date of Incident: _____ Time: _____ AM/PM: _____

Nature of Incident: _____

Person/Object/Equipment/Substance Causing the Incident: _____

Medical Treatment by: _____

Location of Treatment: _____

Description of Incident: _____

Contributing Factors: _____

Loss Severity Potential: High/Major _____ Medium/Serious _____ Low/Minor _____

Probable Recurrence Rate: Frequent _____ Occasional _____ Rare _____

Action Taken to Prevent Recurrence: _____

Investigated by: _____ Date: _____

Reviewed by: _____ Date: _____

FOLLOW-UP AND AUDIT CHECKLIST

UNITED METHODIST LOSS CONTROL PROGRAM

PROGRAM ELEMENT	OPERATIONAL	NEEDS IMPROVEMENT	COMMENT
<i>Step 1</i> Statement of Support for Safety			
<i>Step 2</i> Assignment of Responsibility for Safety			
<i>Step 3</i> Safety Hazard Self- Evaluation			
<i>Step 4</i> Action Plans Based on Findings of Evaluations			
<i>Step 5</i> Incident Reporting, Investigation & Analysis			
<i>Step 6</i> Loss Control Follow-Up and Audit			
<i>Establish Plans for:</i> A. Staff Orientation & Training B. Reducing the Risk of Child Sexual Abuse C. Emergency Preparedness D. Hazard Communication E. Security F. Certificates of Insurance G. Transportation Safety			
Completed by:			Date:

ARSON PREVENTION CHECKLIST

The National Fire Protection Association tells us: *Arson and suspected arson constitute the largest single cause of property damage due to fire in the United States.* While the number of arson fires in churches is relatively small compared to those in business, arson in churches is still a serious problem. Early in 1999 a firefighter died battling an arson-caused fire in a United Methodist church in Georgia.

There is no typical church arsonist. Church arson fires include such diverse circumstances as juvenile vandalism, fires set to conceal burglaries, and fires set to retaliate for conflicts with individuals and with society in general. Therefore, each church needs to evaluate the adequacy of its own efforts to prevent an arson fire.

OK	Needs Work
----	------------

- | | | |
|--------------------------|--------------------------|--|
| <input type="checkbox"/> | <input type="checkbox"/> | Install night lighting |
| <input type="checkbox"/> | <input type="checkbox"/> | Securely lock all buildings when unattended. <ul style="list-style-type: none">• Use solid wood or sheet metal faced exterior doors when practicable.• Use locks that penetrate deeply into the door frame (prevent easy prying).• Assign a responsible person to verify that exterior doors are properly locked.• Install burglar bars on grade floor windows, but be sure to comply with life safety codes. <i>Note: Tempered glass or plastic glazing may be an alternative.</i> |
| <input type="checkbox"/> | <input type="checkbox"/> | Eliminate wood piles, paper and leaves that are around the church that could fuel a fire |
| <input type="checkbox"/> | <input type="checkbox"/> | Secure (in a locked area) flammable liquids and other materials that could fuel a fire. |
| <input type="checkbox"/> | <input type="checkbox"/> | Limit the number of entrances into the building while still providing adequate emergency exits. |
| <input type="checkbox"/> | <input type="checkbox"/> | Be alert to unusual activities in the neighborhood. |
| <input type="checkbox"/> | <input type="checkbox"/> | Install an effective security and fire detection system. |
| <input type="checkbox"/> | <input type="checkbox"/> | Keep valuables locked up and out of sight. |
| <input type="checkbox"/> | <input type="checkbox"/> | Prevent unauthorized access to the roof, fire escapes and stairwells |
| <input type="checkbox"/> | <input type="checkbox"/> | Assign personnel to secure the building |
| <input type="checkbox"/> | <input type="checkbox"/> | Limit keys to management only. |
| <input type="checkbox"/> | <input type="checkbox"/> | Leave some interior lights on at night. |
| <input type="checkbox"/> | <input type="checkbox"/> | Install perimeter exterior floodlights, perhaps activated by motion sensors. |
| <input type="checkbox"/> | <input type="checkbox"/> | Trim heavy shrubs near the building, low to the ground (eliminate places to hide). |
| <input type="checkbox"/> | <input type="checkbox"/> | Keep refuse containers well away from the buildings (vandals might ignite them). |
| <input type="checkbox"/> | <input type="checkbox"/> | Participate in formal and informal Neighborhood Watch programs. |

BOMBS AND BOMB THREATS:

Educate staff members to deal effectively with bomb threats. **(For information, contact your local fire/police authorities.)** Call police instead of opening any suspicious looking packages.

CHURCH CONTENTS INVENTORY

Date of Inventory: _____

Name of Church:

Address:

In putting a value on building or contents items use the current cost to replace new, as near as you can estimate it. Most policies provide replacement cost coverage on both buildings and contents and adequate values are very important. Values for the contents of the parsonage should be limited to church-owned contents.

<u>Contents</u>	<u>Church</u>	<u>School</u>	<u>Other Building</u>	<u>Other Building</u>
Communion Service	\$_____	\$_____	\$_____	\$_____
Altar Furnishings	\$_____	\$_____	\$_____	\$_____
Draperies	\$_____	\$_____	\$_____	\$_____
Bibles	\$_____	\$_____	\$_____	\$_____
Hymnals	\$_____	\$_____	\$_____	\$_____
Choir Robes & Vestments	\$_____	\$_____	\$_____	\$_____
Choir Music	\$_____	\$_____	\$_____	\$_____
Musical Instruments (incl. Pianos)	\$_____	\$_____	\$_____	\$_____
Unattached Seats & Pews	\$_____	\$_____	\$_____	\$_____
Tables & Chairs	\$_____	\$_____	\$_____	\$_____
Pictures & Paintings	\$_____	\$_____	\$_____	\$_____
Statuary	\$_____	\$_____	\$_____	\$_____
Christmas Decorations	\$_____	\$_____	\$_____	\$_____
TV Sets	\$_____	\$_____	\$_____	\$_____
TV Security System	\$_____	\$_____	\$_____	\$_____
Sound System	\$_____	\$_____	\$_____	\$_____
Microphone Stands	\$_____	\$_____	\$_____	\$_____
Radios	\$_____	\$_____	\$_____	\$_____
Recorders	\$_____	\$_____	\$_____	\$_____
Record Players & Records	\$_____	\$_____	\$_____	\$_____
Video Recorders & Tapes	\$_____	\$_____	\$_____	\$_____
Slide Projectors & Equipment	\$_____	\$_____	\$_____	\$_____
Compact Disk Players & Disks	\$_____	\$_____	\$_____	\$_____
Cameras	\$_____	\$_____	\$_____	\$_____

<u>Contents</u>	<u>Church</u>	<u>School</u>	<u>Other Building</u>	<u>Other Building</u>
Office Desks & Chairs	\$ _____	\$ _____	\$ _____	\$ _____
Files	\$ _____	\$ _____	\$ _____	\$ _____
Computers & Printers	\$ _____	\$ _____	\$ _____	\$ _____
Typewriters	\$ _____	\$ _____	\$ _____	\$ _____
Adding Machines	\$ _____	\$ _____	\$ _____	\$ _____
Duplication Machines	\$ _____	\$ _____	\$ _____	\$ _____
Answering Machines	\$ _____	\$ _____	\$ _____	\$ _____
Fax Machines	\$ _____	\$ _____	\$ _____	\$ _____
Other Equipment	\$ _____	\$ _____	\$ _____	\$ _____
Other Supplies	\$ _____	\$ _____	\$ _____	\$ _____
Books	\$ _____	\$ _____	\$ _____	\$ _____
_____	\$ _____	\$ _____	\$ _____	\$ _____
_____	\$ _____	\$ _____	\$ _____	\$ _____
Unattached School Desks & Chairs	\$ _____	\$ _____	\$ _____	\$ _____
Unattached Cupboards	\$ _____	\$ _____	\$ _____	\$ _____
Unattached Blackboards	\$ _____	\$ _____	\$ _____	\$ _____
Book Cases	\$ _____	\$ _____	\$ _____	\$ _____
Maps & Globes	\$ _____	\$ _____	\$ _____	\$ _____
Science Equipment	\$ _____	\$ _____	\$ _____	\$ _____
Sporting Equipment	\$ _____	\$ _____	\$ _____	\$ _____
_____	\$ _____	\$ _____	\$ _____	\$ _____
_____	\$ _____	\$ _____	\$ _____	\$ _____
_____	\$ _____	\$ _____	\$ _____	\$ _____
Domestic Appliances, such as Stoves, Refrigerators, Dishwashers, Washers, Dryers, etc.	\$ _____	\$ _____	\$ _____	\$ _____
_____	\$ _____	\$ _____	\$ _____	\$ _____
_____	\$ _____	\$ _____	\$ _____	\$ _____
_____	\$ _____	\$ _____	\$ _____	\$ _____
Pots & Pans	\$ _____	\$ _____	\$ _____	\$ _____
Dishes	\$ _____	\$ _____	\$ _____	\$ _____
Silverware	\$ _____	\$ _____	\$ _____	\$ _____

<u>Contents</u>	<u>Church</u>	<u>School</u>	<u>Other Building</u>	<u>Other Building</u>
Coffee Makers	\$ _____	\$ _____	\$ _____	\$ _____
Pressure Cookers	\$ _____	\$ _____	\$ _____	\$ _____
Warming Ovens	\$ _____	\$ _____	\$ _____	\$ _____
Microwave Ovens	\$ _____	\$ _____	\$ _____	\$ _____
Mixers	\$ _____	\$ _____	\$ _____	\$ _____
Toasters	\$ _____	\$ _____	\$ _____	\$ _____
Carts & Trays	\$ _____	\$ _____	\$ _____	\$ _____
_____	\$ _____	\$ _____	\$ _____	\$ _____
_____	\$ _____	\$ _____	\$ _____	\$ _____
_____	\$ _____	\$ _____	\$ _____	\$ _____
Tools	\$ _____	\$ _____	\$ _____	\$ _____
Lawn & Snow Equipment	\$ _____	\$ _____	\$ _____	\$ _____
Pastors' Business Personal Property (not otherwise insured)	\$ _____	\$ _____	\$ _____	\$ _____
Personal Property of Others while in care and custody of church for business purposes	\$ _____	\$ _____	\$ _____	\$ _____
TOTAL (Contents Only):	\$ _____	\$ _____	\$ _____	\$ _____

Certain building items are high in value and need constant check of current replacement costs to keep your protection adequate. It is recommended that you consult a qualified expert about the cost to replace these items. The person or organization that installed or services these items could be contacted for assistance.

Pipe Organ, including console, pipes and blowers: \$ _____

If value not known: Number of stops _____
Number of ranks _____

Chimes \$ _____

Carillon \$ _____

Stained glass windows \$ _____

