

# the LEADER

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A PUBLICATION FOR GUIDEONE INSURANCE CHURCH POLICYHOLDERS

## IF YOU HAVE QUESTIONS

on safeguarding your ministry, or questions about any of the articles in this newsletter, call the GuideOne Center for Risk Management at 1-877-448-4331, ext. 5118, or visit our website at [GuideOne.com](http://GuideOne.com)

## TO REPORT A CLAIM,

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## PUTTING PROCEDURES IN PLACE TO PROTECT YOUR MINISTRY'S MONEY

**UNFORTUNATELY, IT'S ALL TOO COMMON TO HAVE TRUSTED CHURCH WORKERS ADMIT TO EMBEZZLING CHURCH FUNDS. NOT LONG AGO, A PRIEST WHO HAD "COMPLETE CONTROL" OF HIS CONGREGATION'S FINANCES ADMITTED TO EMBEZZLING IN EXCESS OF \$650,000 OVER A SEVERAL YEAR PERIOD, AND WAS SENTENCED TO PRISON AND ORDERED TO MAKE RESTITUTION FOR HIS CRIME.**

To help keep your church's finances secure, develop a policy that identifies how money is handled, counted, reported and audited and includes a system of internal financial controls. Following this policy will help prevent the misappropriation of funds. Implement the "two unrelated adults" rule. This rule states that two people who are unrelated should be in the presence of the money from the time it is collected until it is deposited.

### Handling and Counting the Collection

Before anyone is allowed to handle funds for your congregation, it's suggested they undergo a background and financial reference check.

Often ushers play a key role in the weekly collection process. Therefore, they should be trained on how to safeguard the money during and after collections. Whether a church counts collections the same day or the following day, funds should remain in a locked room and/or safe until it's time for counting.

To establish accountability, a team of people should count the funds. Teams should rotate weekly or monthly, and figures should always be double-checked. A signed and dated form listing all currency, coins and checks, as well as a deposit slip, should be completed. Collections should never be taken home, but transferred to the bank in a nondescript bag as soon as possible after counting.

### Establish Accountability

Utilizing internal financial controls will help maintain accountability when handling collections. Consider the following:

- Separate duties between the counting team, treasurer and financial secretary;
- Restrict those with signing authority from having access to blank checks;
- Do not allow signers to keep signed blank checks "on hand";
- Require dual signatures for all checks over a specified dollar amount; and
- Assign a person uninvolved in counting and depositing funds to review unopened bank statements.

### Reporting and Auditing

Financial reporting is necessary, and reports should be reviewed regularly by the church board or finance committee. Additionally, summary financial reports should be provided or made available to the congregation.

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Another part of every financial policy should be regular audits. Annual audits are recommended, but some churches choose to have a formal audit undertaken every two to three years. In the intervening years, consider having a financial review conducted by a person uninvolved with the church's finances. This could be a church member who is a Certified Public Accountant (CPA) or has a strong financial background.

### Responding to Incidents

If an accusation or suspicion of embezzlement is reported, it's crucial to act promptly and with care. It's recommended to consult with the church's legal advisor and insurance company, who will likely suggest an immediate investigation. In consultation with the legal advisor, the suspected embezzler should be asked for a full account of the situation. If sufficient information or confession points to guilt, church leaders must decide whether to turn matters over to the police for criminal investigation and prosecution.

### Ensuring Secure Finances

Creating and following a financial policy is a key part of a church's stewardship responsibilities and will help reduce the chances of loss of church funds. It's important that church leaders take responsibility to secure the finances of their ministries.

For more information, check out the "Key Components to a Financial Safeguard Program" fact sheet on [SafeChurch.com](http://SafeChurch.com). ■

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## THE IMPORTANCE OF ANNUAL INSURANCE REVIEWS

**EACH YEAR, IT IS IMPORTANT TO CONDUCT AN ANNUAL INSURANCE REVIEW.**

To determine if your existing policy is enough to cover a majority of potential losses, it is necessary to assess your church's insurance needs. Many organizations believe if they have a policy and make premium payments, they have adequate coverage. However, that isn't always the case and being underinsured poses serious danger for the church.

### Churches are Difficult to Estimate

Every church facility is unique in its layout, construction and architecture. Therefore, it is difficult to create standards when estimating value. While there are many explanations, some reasons for undervaluation include the following:

- The cost of building materials and labor has increased from when the church was originally built, so the expense to rebuild is much higher.
- The building might have expensive features or items, such as artwork or a pipe organ that could be very costly to replace with like kind and quality.
- The church is appreciating in value, so the replacement cost will be higher today than it was when the building was last reviewed.

### Make Insurance Reviews a Habit

Reviewing insurance is an essential part of safeguarding your ministry. Contact your insurance agent at least once a year to set a date and time for an insurance review. Make an annual insurance review top priority, and it will become a habit. ■

## THE GUIDEONE FOUNDATION AWARDS \$10,000 IN SCHOLARSHIPS

**AS A NICHE MARKET INSURER THAT SPECIALIZES IN PROVIDING CHURCHES WITH SUPERIOR INSURANCE COVERAGE, GUIDEONE BELIEVES IN HELPING TO ADVANCE THE MINISTRIES OF OUR CUSTOMERS, AND TO SUPPORT THE CHURCH LEADERS OF TOMORROW.**

To do that, the company launched a new scholarship program earlier this year, where religious studies or seminary students could apply to receive one of four \$2,500 scholarships. More than 80 applications were received from students across the country, which were reviewed by a selection committee comprised of individuals who work in a church or faith-based educational setting.

### Congratulations to the following students who were selected as this year's GuideOne Scholarship recipients:

- **Lory Fahle** from Philips Theological Seminary in Tulsa, Oklahoma
- **Kenneth Krueger** from Concordia Seminary in St. Louis, Missouri
- **Angela Larson** from Luther Seminary in St. Paul, Minnesota
- **Warren Williams** from Hood Theological Seminary in Salisbury, North Carolina

To learn more about these individuals and why they were chosen to receive one of the scholarships, visit [GuideOne.com](http://GuideOne.com) and click on **About Us**, followed by **GuideOne Foundation**. Those who may be interested in applying for this scholarship next year are encouraged to check this webpage in early 2015 for application details. ■