

Non-Profit Consulting

When does a non-profit need to worry about liability and exposures? The day it opens for business. A non-profit organization faces most of the same liability exposures as a for profit corporation while also having some unique issues of its own. These liability exposures can be broken down into different categories. Two main issues are: employment and liability exposures.

With employment, there is the exposure of hiring the wrong person. "Wrong person" can be defined as the wrong personality, a person who lacks the proper skills or someone who brings their own liability issues by having a criminal history or other unsavory issues. The need for background searches includes paid staff and also volunteers. Volunteers are often the backbone of a non-profit organization and are in actuality, employees of the non-profit, who just don't receive a paycheck.

Many organizations are not aware that volunteers have the same rights to protection as do paid employees. As well, non-profits can be exposed by the actions and activities of volunteers. Much of the liability from inefficient hiring practices can be prevented by performing pre-employment background checks on both volunteers and staff. The purpose of screening is to aid volunteer and non-profit organizations and agencies in determining whether prospective volunteers and staff have a pattern of criminal behavior that would make it unwise for them to be working with vulnerable populations.

Pre-employment background checks helps protect non-profit organizations from negligence claims. As a due Diligence action, they help ensure safety of vulnerable populations such as children and the elderly

Although the majority of surveyed nonprofit human service organizations conduct some screening, most agencies that serve vulnerable populations could benefit from more thorough and comprehensive volunteer screening practices. The urgency of such questions has risen in recent years, as millions of volunteers (61 million in 2006)(1) donate billions of hours, sometimes serving in roles previously reserved for paid staff. Thorough security practices, play a critical role in protecting vulnerable clients from harm and nonprofit organizations from liability.

Organizations that do not screen volunteers reported a variety of reasons, including the cost of screening, questions about the usefulness of screening, and concerns about offending potential volunteers. Of those that do screen, nearly 50 percent had identified "inappropriate" volunteers through screening.

Nonprofits also open the door to negligence and other suits by not being prepared properly to conduct business. Liability exposure is the peril of not having the proper insurance policy and with adequate coverage.

The main liability exposures to non-profit organizations are as follows:

- * General Liability Exposure
- * Workers Compensation
- * Professional Liability
- * Employee Benefits Liability

- * Auto Liability
- * Directors Liability Exposure

Nonprofits are vulnerable because they are mission driven. Everyone is working based on the belief that the mission is important and everyone in the organization is passionately working for the cause. No matter how deeply you are engaged in your mission, how much you hate dealing with the money, or how short staffed you are, never ever entrust one person to handle all the matters. ISGU can help you make safe, informed decisions about the people you work with, the companies you contract with and the policies and procedures needed to help you make these decisions.