DATE: September 13, 2004

TO: Presidents

FROM: Richard P. West
Executive Vice Chancellor
Chief Financial Officer

SUBJECT: Risk Management and Insurance Audit

The recently completed audit of several campus risk and insurance programs (Report No. 03-24) resulted in several findings that all campuses should review and implement changes, when needed to their existing risk management programs.

The following represents the areas of campus risk management programs that require immediate attention and review.

SAFETY COMMITTEES

Safety committees and/or multidiscipline represented committees are effective mechanisms to promote and practice proactive risk management. These committees are indicators to the campus community that safety is an important part of the campus culture and that concerns are addressed.

RISK MANAGEMENT ANNUAL REPORT

Part of the risk management process is to continually assess risk, identify and plan mitigation measures. To further reinforce risk management programs and their effectiveness, each campus is required to issue an annual risk management report to its president. The Office of Risk Management in the Chancellor’s Office can assist campuses in producing their annual report upon request.
SERVICE LEARNING

Service Learning is an important program supported by the Governor and the Chancellor. A co-operative effort involving several campus personnel, the systemwide offices of service learning and risk management completed a risk analysis and produced the CSU Best Practices for Managing Risk in Service Learning. As this program poses the potential for significant risks, and to date we have not experienced any major losses, it is imperative that campuses recognize its responsibility to fully implement and monitor compliance with CSU policy and chancellor's directives for service learning programs.

To further emphasize the importance of utilizing the guidelines provided in the manual, the Systemwide Office of Risk Management endorses the use of CSU Best Practices for Managing Risk Service Learning.

Additionally, Service Learning Risks and the management of these exposures was covered in the annual “Fitting the Pieces” conference conducted in May of 2004, as well as recent meetings with the two systemwide offices providing clarification sessions with campus service learning coordinators in June 2004. Should any of your personnel have missed these sessions, please contact the office of service learning in the office of the chancellor.

USE OF UNIVERSITY AND PRIVATE VEHICLES

It is recommended that campus management review its responsibility to comply with the CSU Use of University and Private Vehicles Policies and Regulations. Campuses are reminded of the importance of establishing monitoring processes to identify and correct instances of non-compliance.

The FY04/05 cost of participating in the State Vehicle Self Insured Liability Program has increased five fold over FY03/04 due to several catastrophic vehicle collisions involving student volunteer drivers. These incidents initiated a change in the coverage for all volunteers driving on University business.

OFF-CAMPUS FIELD TRIPS

These activities can present unique challenges; however, they present the campus with opportunities to develop campus specific policies and procedures for controlling the risks associated with the activity and to remind campus management of the importance of monitoring compliance with its own procedures.
INSURANCE REQUIREMENTS IN CONTRACTS

Contracts with third parties present the campus with the opportunity to transfer some, if not all of the risks associated with the contract and protect University assets. Executive Order 849 addresses this issue and provides specific guidance in support of this risk transfer mechanism. The Office of Risk Management provides training in the use of Insurance Requirements in Contracts – A Procedure Manual.

Campuses are reminded that use of this manual is an integral part of the procurement and risk management process for contracts.

WORKERS’ COMPENSATION

Workers’ Compensation has received an enormous amount of press and special legislative attention. It is critical that campuses comply with all California Workers’ Compensation regulations and use the CSU Disability Management Program Resource Guide.

The Office of Risk Management has provided campuses with several newsletter articles, presentations at the “Fitting the Pieces“ Conference, brief snapshots of the changes in the workers’ compensation regulations at Chief Administrative and Business Officer meetings. Additionally, a workers’ compensations claims coordinator list serve was created and is maintained by the CSU San Marcos campus to continually address and distribute information concerning the continual changes occurring in this program.

RECORD RETENTION OF NOTICE OF SAFETY CONCERNS

The retention of records that support corrective action as a result of identified unsafe work conditions and/or environmental risks is an important policy decision for each campus. It is recommended that campuses retain reports of identified hazards until such time as the corrective action takes place plus three (3) years. It should also be noted that monitoring a file of identified hazards/exposures is only a starting point, documentation of the continuing efforts to effect corrective action must also be maintained. These documents provide useful information for the campus’ annual risk management report.
COMMENTS

While the above constitutes the majority of the audit findings and addresses the need for campuses to remain vigilant in practicing proactive risk management, additional effort and management attention are required.

Presidents and campus management are encouraged to open dialogue with their campus risk managers, workers' compensation coordinators and environmental health and safety personnel. The management of risk is a team effort and should be included as an integral part of all campus activities.

Should you or your staff have questions or require assistance, please contact Charlene Minnick, Senior Director of Systemwide Risk Management at 562 951-4580 (e-mail: cminnick@calstate.edu) or Dennis Hordyk at 562 951-4540.

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