



# Risk Quick Tips . . . .

## '07 Risk Management Fund Contribution Discount—Rewards on the Rise

Volume 1, Issue 4  
November, 2007

Each year the Risk Management Fund contribution discounts awarded to state agencies, boards, and commissions have steadily increased. That is an indication that many entities have developed strong loss control programs that result in reduced losses to the State. Contribution discounts for FY '07 were awarded to fifty-four (54) entities - fourteen (14) of which earned the full 16% and another fourteen (14) that earned 14% to 15%. Others earned various discount percentages. The dollar amount discounted this year for the general contribution accounts was \$92,623 and another \$135,898 was discounted for the auxiliary services and off-budget accounts. That makes a grand total of **\$228,521** savings for State entities! Keep up the good work.



## Tools to Increase or Maintain your Entity's Discount

A review of the FY '07 Risk Management Fund Discount Applications show that there remains some misunderstandings of what Risk Management requires as part of the discount criteria.

- One misunderstanding is with regard to the **Substance Abuse Policy**. The Drug-Free Workplace Policy is often offered as documentation of a Substance Abuse Policy. The Substance Abuse Policy that is part of the discount program is separate and apart from the Drug-Free Workplace Policy, which is specific to the Federal Drug-Free Workplace Act of 1988. The Substance Abuse Policy goes beyond the Federal Act and addresses other elements such as how managers or supervisors will handle situations where employees report to work under the influence. See and compare your entity's policy to the [sample recommended policy](#). An entity can combine the policies into one, as long as all of the critical components are covered.
- Another area that has tripped up loss control committees (LCC) over the years is conducting **executive sessions**. This is apparent from the documentation of executive sessions in LCC minutes. Because executive session compliance requirements are set by statute, we have little discretion in valuing this criteria. The identified shortfalls currently reflected in minutes include:
  - (1) the sessions last only a few minutes, which indicates that there was not a thorough discussion of the loss run reports; or
  - (2) details of incidents/claims/lawsuits are recorded in the minutes. This leads us to the conclusion that the purpose and/or procedure of an executive session are generally misunderstood.

Please review an in-depth discussion on the purpose of conducting executive sessions found in the Risk Management Manual on [pages 4.2-2-3](#).

Tools to assist your entity comply with statutory requirements as well as meet the discount requirements, include the document [Guidelines for Conducting Loss Control Committee Meetings](#) found on Risk Management's website. This form provides guidance for holding an executive session and includes language you can copy and paste verbatim into your meeting minutes. Also see the training module [Loss Control Committee Meeting Guidelines](#). This module outlines the steps to conducting LCC meetings, explains the statutory requirements for open meetings as it applies to LCC meetings, and clarifies the purpose of and details how to conduct executive sessions, including how to document the executive sessions in meeting minutes. If any questions remain after reviewing these resources, please contact Risk Management.