

# Risk Management For Municipal Government



# Why Form A Municipal Entity ?

- ❖ To provide services to the citizens, which they cannot effectively provide for themselves individually.
- ❖ To provide a mechanism to finance those selected services.
- ❖ To provide a level of management to carry out the stated goals of the entity.

# A Quality of Life Issue

And overriding issue in providing a better quality of life for your citizens, employees, those visiting your municipality and those just passing through is to provide for their safety and well being.

# Classifying The Services (1)

❖ Because of Budgetary constraints are the services:

(1) Required by our charter.

(2) Desired, but optional in nature.

# Classifying The Service (2)

❖ Because of budgetary constraints is the service more effectively delivered:

(1) Directly by the municipal entity.

(2) Privatized for delivery by a third party.

# Evaluating The Service Risk

Regardless of the way you classify the service in the previous examples, the guiding risk management consideration must be:

IF WE CANNOT DO IT WELL-- SHOULD WE  
DO IT ?

BECAUSE---

# INCREASED / DECREASED RISK

The level of proficiency in delivering a service will impact the level of risk the municipal entity will experience.

# Cultural Change (1)

- ❖ There is far less social pressure placed on someone who files a civil suit than in past years.
- ❖ There is a lack of real comprehension concerning the resource of the money needed to pay a judgment or settlement .



# Cultural Change (2)

Some of our courts have become much more liberal in the distribution of the public resources, because of the concept that the payment is from a third party .

# Cultural Change (3)

Over the years more and more individuals have been influenced to believe that there is ALWAYS someone else responsible for any bad thing that happens to “me” – it couldn’t possibly be the result of carelessness or a poor decision on “my” part.

AND

Because many lawsuits are instituted on a contingency basis, the plaintiff has less real investment in the cost of litigation.



# Financial Implications

- ❖ The municipality has to defend itself and their employees even though they have done nothing wrong.
- ❖ The municipality has to defend itself against excess judgments in cases where there is actual liability, because they may be considered the “DEEP POCKETS” in the litigation.
- ❖ So regardless of the liability issue there is always a cost of defense to prevent or minimize potential financial and reputational loss.

# How Do We Manage Risk ?

Initially the management of risk is an internal effort.

THINGS THAT THE MUNICIPALITY CAN AND  
SHOULD DO TO MINIMIZE THE POTENTIAL  
OF FINANCIAL AND REPUTATIONAL LOSS.

# ATTITUDE

- The attitude of leadership is critical when planning and establishing the tools necessary for sound, effective risk management.
- THIS IS ALWAYS A TOP/DOWN--- NOT A BOTTOM/UP FACTOR

# SUCCESS RESULTS FROM:

- ❖ Accurate evaluation of assets/liabilities.
- ❖ Inspiring teamwork.
- ❖ Setting effective policy and procedure.
- ❖ Selecting the best risk management partner.

# Evaluating Assets/Liabilities Personnel

- ❖ Elected Officials

- ❖ Departmental Leadership

- ❖ Additional Departmental Employees



# Elected Officials

❖ Attitude? Positive or Negative

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- ❖ Do municipal concerns trump personal ambition.
- ❖ Are they willing to learn and grow-or do they already know it all.
- ❖ Can they be organized into an effective team effort.
- ❖ Can they effectively articulate their goals and objectives.

# Department Leadership

- ❖ Are they good managers of both personnel and equipment.
- ❖ Can they effectively communicate both up and down the chain of authority.
- ❖ Do they respect both superiors and subordinates.
  - ❖ Are they willing to learn and grow.
- ❖ Can they motivate by their example of performance.
  - ❖ Are they trustworthy

# Other Departmental Employees

- ❖ Are they dependable.
- ❖ Are they respectful of authority and their fellow workers.
- ❖ Are they aware that you expect excellence in their performance.
- ❖ Are they willing to follow good leadership.

# Policy and Procedure

- ❖ Do your departments have effective policy and procedure documents?
- ❖ Do these include recognition for excellent performance?
- ❖ Do these include fair procedures for discipline to deal with failure to perform?

# Facilities

- ❖ Are the municipal facilities in good repair and/or is there a schedule to accomplish this?
- ❖ Are the departmental furnishings/equipment sufficient to meet requirements to efficiently provide services?

# Vehicles

- ❖ Are municipal vehicles being properly maintained?
- ❖ Is there a schedule for replacement of vehicles?
- ❖ Are preventive maintenance schedules a part of policy and procedure?

# Other Equipment

- ❖ Do you have sufficient inventory controls?
- ❖ Are department heads assigned the task of equipment maintenance?
- ❖ Do departments have the equipment needed to complete their assigned task?
- ❖ Are personnel encouraged to timely report their needs?

# Worker's Safety

- ❖ Do you have a documented safety program?
- ❖ Do you have an assigned safety director/manager?
- ❖ Do you conduct regularly scheduled safety meetings?
- ❖ Do you provide safety training?



# Hiring/Supervision (General)

- ❖ Do you conduct background checks in the hiring process?
- ❖ Do you obtain MVA reports for employees assigned to operate municipal vehicles, and those who will use their own vehicles in the conduct of municipal business?
  - ❖ Do you check references from prior employers?
- ❖ Do you provide policy manuals and regular updates to same to all employees?
  - ❖ Do you provide training programs to maintain and improve skills?

# Hiring/Supervision (Public Safety)

Because of heightened levels of risk in the area of public safety, there are special considerations to be applied in the hiring, training, supervision and disciplinary procedures applied. Because you may be required to deal with special provisions such as civil service boards, law enforcement bill of rights, and regulatory issues dealing with training and qualifications, attention to detail is critical. Due diligence, demonstrating your concern for the safety of the public is a requirement that cannot be ignored.

# Public Safety (cont,d)

- ❖ Pre – offer background checks should be extensive in nature to include credit, criminal, civil, and prior employment inquiry and an intensive interview of the candidate being considered.
- ❖ Post – offer should include drug screens, and a psychological/liability evaluation by a trained police psychologist

# Public Safety (cont'd)

- ❖ Post hire must include the timely completion of all required training programs, and completion of any special certifications required to demonstrate the acquired ability to properly use the equipment assigned to the task assigned.
- ❖ Public safety personnel should be encourage and/ or required to maintain skill and knowledge levels through continued education/training opportunities.

# Employee Assistance

All legitimate claims/lawsuits stem from the failure of personnel and /or systems.

Enlisting all employees in the risk management program through a system of special recognition for safe work practices and results, and encouraging their participation in reporting defects that could be the cause of injury to the general public as well as their fellow employees, is encouraged, but this will require adequate response of the municipality in addressing the issues reported.

# Documentation

- As a municipal entity you have a level of defense known as actual/constructive notice, so timely response to reporting of defects is required to maintain this defense, so if you do encourage employee participation in the reporting process, and you should, you must also keep , not just good, but great records of the report , and the action taken to guard the public safety.

# Record

- ❖ Date and time reported.
- ❖ Name of the individual making the report .
- ❖ Specific location and definition of the defect.
- ❖ Action taken to correct the defect.
- ❖ Date and time of such action.
- ❖ If the defect cannot be corrected in a reasonable time then special signage, warning of the heightened danger should be posted , and periodically inspected until the defect is corrected.

# What Next?

Having discussed the internal actions the municipality and their employees can take to reduce the risk involved in providing service to the public.

LOOKING FOR HELP



# Help !!!

Though you have done a great job in applying all of the internal controls possible, it is likely that something is going to occur that will require outside assistance.

You will need the assistance of someone with additional skills and resources to partner with you to protect you when the claim for damages occur.

# Experience

A sound track record in dealing with the issues of municipal liability and worker's compensation in the Louisiana and Federal Court systems.

# Access

Do you have easy access to the final decision makers  
who are acting on your behalf?

# Stability

- ❖ Will they stick with you in both good and bad times?
- ❖ Can they demonstrate this by consistent availability in the marketplace?
- ❖ Who guides the business model?
- ❖ Why were they created?

# Contact



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THANK YOU.