

RISK MANAGEMENT AND INSURANCE

HUMBOLDT STATE UNIVERSITY

Report Number 03-31

January 7, 2004

Members, Committee on Audit

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Debra S. Farar William Hauck
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THE CALIFORNIA STATE UNIVERSITY

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ABBREVIATIONS

CSU	California State University
CSURMA	CSU Risk Management Authority
DMV	Department of Motor Vehicles
EO	Executive Order
HR	Human Resources
HSU	Humboldt State University
IIPP	Injury and Illness Prevention Program
ORIM	Office of Risk and Insurance Management
SAM	State Administrative Manual
SCIF	State Compensation Insurance Fund

EXECUTIVE SUMMARY

As a result of a systemwide risk assessment conducted by the Office of the University Auditor during the last quarter of 2002, the Board of Trustees, at its January 2003 meeting, directed that *Risk Management and Insurance* be reviewed.

We visited the Humboldt State University (HSU) campus from August 11, 2003, through September 11, 2003, and audited the procedures in effect at that time.

In our opinion, existing risk management and workers' compensation policies and procedures were adequate in total. However, in a limited number of instances, the risk management administrative controls needed to be strengthened and monitors established. Workers' compensation processing controls were operating effectively, except for claim handling and follow-up.

The following summary provides management with an overview of conditions requiring their attention. Areas of review not mentioned in this section were found to be satisfactory. Numbers in brackets [] refer to page numbers in the report.

RISK MANAGEMENT AND LOSS PREVENTION PROGRAMS [6]

The campus risk management policy and process lacked important elements required by Executive Order (EO) No. 715 and had not been fully implemented. The program did not include a campus risk assessment and mitigation plan, and an annual report was not made to the campus president. Controls over service-learning programs did not ensure that agreements were documented and that service-learning plans were created, reviewed, and signed. In addition, the campus was not in full compliance with the California State University (CSU) policy concerning the use of university and private vehicles. Authorization forms to drive privately owned vehicles were not always completed or kept current; defensive driving courses were not completed every four years; and procedures did not ensure that certain employees were enrolled in the Department of Motor Vehicles' (DMV) Employer Pull Notice Program or that their driving records were requested from the DMV at least once every four years. A campus injury and illness and injury prevention plan had not been formally adopted and finalized, and initial safety training was not provided to all new employees. Finally, the campus risk management program did not include policies and procedures to control the risk associated with off-campus field trips.

INSURANCE PROGRAM ADMINISTRATION [11]

Controls over the procurement of services did not always ensure that adequate proof of insurance was obtained, insurance coverage was aligned with CSU policy, and acceptance of risk was adequately documented.

WORKERS' COMPENSATION MANAGEMENT [12]

The campus did not have an effective process in place that provided reasonable assurance that the employer's report of occupational injury or illness was completed within five days after notification of the employee's work injury. In addition, the campus was not providing the employee the required Industrial Disability Benefits Information form and the Benefits Option Selection Sheet form. Furthermore,

workers' compensation claims resulting from unsafe work conditions and/or environmental risks were not consistently assessed and resolved to prevent future occurrences.

INTRODUCTION

BACKGROUND

Risk management is the process by which financial or operational risks are identified, evaluated, measured, and prioritized. Once the risks have been prioritized, various risk mitigation techniques are reviewed, and the best technique or combination of techniques is applied to mitigate potential losses from the identified risks. Risk managers determine where losses can occur and choose cost-effective mechanisms to reduce or eliminate risk exposures. Risk mitigation techniques include, but are not limited to: a) purchase of insurance, b) implementation of internal controls, c) redesign of processes and systems, d) staff and management training, e) contractual hold-harmless and waiver requirements, f) health and safety compliance monitoring, and g) internal audit.

Driver Alliant has served as program administrator/director of the California State University (CSU) Risk Pool from its inception through transition into the current CSU Risk Management Authority (CSURMA) Joint Powers Entity. CSU formed the Risk Pool on July 1, 1995, to provide coverage programs and risk management consulting to its campuses and the chancellor's office. On January 1, 1996, the CSU hired the Office of Risk and Insurance Management (ORIM), an office of the state's Department of General Services, as a third party liability claims administrator and delegated authority to them to: 1) adjust, with campus approval, all non-litigated liability and equity claims for the new CSU Risk Pool, and 2) integrate the data for all CSU litigated "third-party" claims including wrongful termination, discrimination and other employment type claims. ORIM also handles CSU vehicle liability claims.

The State Compensation Insurance Fund (SCIF) handled workers' compensation claims until August 6, 1999, at which time a service agreement between CSU and Ward North America to provide workers' compensation claims administration was signed. This agreement ended June 30, 2003, and a new agreement was executed with Octagon Risk Services.

On January 1, 1997, the Risk Pool was transitioned into the CSURMA, a Joint Powers Authority formed between the CSU and its many auxiliary organizations. This separate legal entity was created to benefit both the CSU and its auxiliary organizations. The CSURMA provides pooled coverage programs, group purchase insurance programs, and related services. The underlying goal of CSURMA is a commitment to address risk management issues in a mutually beneficial, cooperative effort and to open communication between the CSU and auxiliary organizations on risk management and insurance issues.

The bylaws of the CSURMA recognize that the campuses are at the center of CSU's risk management and insurance program and key to mitigating the risks associated with campus administration. In addition to the broad role of campus risk management, the CSURMA Executive Committee developed the following list of campus risk management responsibilities that would serve to strengthen the function; reduce campus risk exposures; and add value to the university community:

- ▶ Development and implementation of campus risk management policies and procedures.
- ▶ Administration and operation of effective risk management programs.
- ▶ Remittance of accurate pool deposits and premium payments in a timely fashion.
- ▶ Effective claims management and reporting.
- ▶ Periodic evaluations of campus risk management programs.
- ▶ Provision of risk management training and communications to campus management and staff.

- ▶ Implementation and monitoring of loss prevention and control programs.
- ▶ Effective claims handling to minimize losses, preserve evidence, and maximize claim defense successes.
- ▶ Proactive participation, as appropriate, in claims settlement.

PURPOSE

Our overall audit objective was to ascertain the effectiveness of existing policies and procedures related to the administration of the risk management and workers' compensation functions and to determine the adequacy of controls that ensure compliance with state regulations, Trustee policy, Office of the Chancellor directives, and campus procedures.

Within the overall audit objective, specific goals included determining whether:

- ▶ Administration and management of the risk management program provide effective internal controls, clear lines of organizational authority, adequate loss prevention and control programs, and documented policies and procedures.
- ▶ The campus has identified, evaluated, mitigated, and documented significant financial and operational risks.
- ▶ Processes exist that adequately mitigate the risks associated with campus sponsored special events, field trips, study abroad programs, air travel, and service learning programs.
- ▶ The campus has established and documented an injury and illness prevention program (IIPP).
- ▶ Campus risk management staff has been adequately trained.
- ▶ The campus is in compliance with the CSU *Use of University and Private Vehicles* policy guidelines.
- ▶ Risks associated with campus agreements, contracts, and purchases have been adequately transferred or mitigated.
- ▶ Property and liability claims are adequately supported and properly processed within established timeframes.
- ▶ Significant property and liability risks have been insured.
- ▶ Workers' compensation claims are properly safeguarded and effectively processed, communicated, monitored, and resolved.
- ▶ The campus has an effective return-to-work program.
- ▶ Adequate processes exist to prevent and/or detect workers' compensation fraud.

SCOPE AND METHODOLOGY

The proposed scope of the audit as presented in Attachment B, Audit Item 2 of the January 28-29, 2003, meeting of the Committee on Audit stated that *Risk Management and Insurance* includes risk evaluation and asset protection; mitigation of liabilities and claims; and, administration of related programs such as workers' compensation. Potential impacts include unnecessary risk exposures, excessive claims and costs, and fraudulent losses. Risk Management and Insurance was previously audited in 1998.

Our study and evaluation were conducted in accordance with the Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors, and included the audit tests we considered necessary in determining that operational and administrative controls are in place and operative. This review emphasized, but was not limited to, compliance with state laws, Board of Trustee policies, and Office of the Chancellor and campus policies, letters, and directives. The audit review focused on procedures in effect from July 2002 to August 2003. In instances when it was necessary to review annualized data, fiscal year 2001-2002 was the primary period reviewed.

Our primary audit focus involved the internal administrative, compliance, and operational controls over the management of the campus risks and workers' compensation claims. Specifically, we reviewed and tested:

- ▶ Administrative plans, policies, procedures, and monitoring tools.
- ▶ Risk assessment, evaluation, and mitigation procedures.
- ▶ Loss prevention programs.
- ▶ Campus property, liability, and workers' compensation claims processing and management.
- ▶ Compliance with state and private vehicle use standards.
- ▶ Property, liability, and contract insurance coverage.
- ▶ Workers' compensation information file security.

OBSERVATIONS, RECOMMENDATIONS, AND CAMPUS RESPONSES

RISK MANAGEMENT AND LOSS PREVENTION PROGRAMS

POLICIES AND PROCEDURES

The campus risk management program had neither been fully implemented nor did it contain important elements required by Executive Order (EO) No. 715.

We noted that:

- ▶ A campus risk assessment and mitigation plan had not been developed and documented.
- ▶ An annual risk management report was not made to the campus president.

EO No. 715, *California State University (CSU) Risk Management Policy*, dated October 27, 1999, states that each president shall develop campus risk management policies and procedures that include an ongoing process by which appropriate administrators identify risks; perform analysis of the frequency and severity of potential risks; select the best risk management techniques to manage the risk without unduly curtailing or modifying activities necessary to the CSU mission; implement appropriate risk management techniques and staffing standards; and monitor, evaluate, and document the results. Further, the campus policy should include an evaluation process that includes the collection of relevant data and an annual risk management report to the campus president, as well as periodic audits for compliance with systemwide guidelines.

The director of contracts, procurement, and risk management stated that the campus does not have a campuswide risk assessment and mitigation plan because of the diverse risk management responsibilities. He further stated that each area assesses their own risk and determines the appropriate mitigation strategy. The director of contracts, procurement, and risk management stated that an annual report to the president was not prepared because all significant risk issues were discussed with the executive assistant to the president who, in turn, discussed them with the president, and decisions were made based on these discussions.

Failure to fully develop and implement risk management policies, procedures, and reporting mechanisms imposes an undue risk of loss and/or injury to the public and campus community.

Recommendation 1

We recommend that the campus:

- a. Develop and document a risk assessment and mitigation plan.
- b. Prepare and issue an annual risk management summary report to the president.

Campus Response

We concur. The campus will develop and document a risk assessment and mitigation plan and will also prepare and transmit an annual risk management summary report to the president.

Completion date: July 7, 2004.

SERVICE-LEARNING PROGRAM

Controls over service-learning programs did not ensure that required risk mitigation provisions were aligned with best practices and in compliance with CSU policy.

We noted that:

- ▶ Service-learning plans were neither created nor reviewed with, and signed by, students.
- ▶ Service-learning agreements were not documented and approved by the contracts officer or designee. As a result, there was no assurance that minimum insurance requirements were met; workers' compensation responsibilities were assigned; and associated risks were properly communicated and understood.

CSU Best Practices for Managing Risk in Service Learning states that the learning plan ensures that the student has been made aware of the guidelines and limitations for service-learning, and that the risks associated with the service-learning placement have been read, discussed, and understood. It further states that after the contracts officer has approved a "basic" service-learning agreement, he or she can designate the risk manager or service-learning director as authorized signatory, as long as no amendments are necessary.

EO No. 849, *CSU Insurance Requirements*, dated February 5, 2003, states that student placement agreements must be in writing and shall specify minimum insurance requirements applicable to the contracting parties and appropriate hold harmless provisions based upon the needs of the contracting parties. These requirements have been in effect since the initial EO concerning CSU insurance requirements dated April 4, 2000.

Human Resources (HR) directive 2001-38, *CSU Volunteer Policy*, dated December 20, 2001, states that the community agency for which the student is providing services and the university should develop an agreement that articulates their agreed upon responsibilities for workers' compensation and liability coverage prior to student placements. The university does not provide workers' compensation coverage to students participating in university-sponsored community service programs.

The director of contracts, procurement, and risk management stated that for many years the campus has had a program, Youth Educational Services, to encourage students to volunteer in the community. He further stated that when the chancellor's office implemented service learning policies and procedures, the campus chose to continue using existing procedures until campus policies, procedures, and forms for service learning could be developed. He also stated that service learning

policies, procedures, and forms were developed during the spring semester 2003, and they are being implemented effective fall semester 2003.

Inadequate mitigation of the risks associated with service-learning programs jeopardizes their success and unnecessarily exposes participating students to uninsured injury and the university to financial loss and/or embarrassment.

Recommendation 2

We recommend that the campus:

- a. Ensure that service-learning plans are created and reviewed with, and signed by, students.
- b. Ensure that service-learning agreements are documented, properly approved, and include the required insurance and hold harmless provisions.

Campus Response

We concur. The campus will implement procedures to ensure service-learning plans are produced, reviewed with and signed by students. The campus will also ensure service-learning agreements are documented, approved, and include required insurance and hold harmless provisions.

Completion date: April 30, 2004.

USE OF UNIVERSITY AND PRIVATE VEHICLES

Certain employees who drive private vehicles on official business were not in compliance with CSU policies and regulations.

We noted that:

- ▶ Twelve employees were not placed on the Department of Motor Vehicles' (DMV) Employer Pull Notice Program, and their driving records were not requested from the DMV at least once every four years.
- ▶ Eleven employees did not complete a defensive driving course.
- ▶ Five employees had not renewed their Authorization to Use Privately Owned Vehicles on State Business (Std. Form 261) forms.
- ▶ Two employees had not completed an Authorization to Use Privately Owned Vehicles on State Business (Std. Form 261) form.

The *CSU Use of University and Private Vehicles Policies and Regulations*, dated March 2002, states that management has the responsibility for authorizing persons to drive privately owned vehicles to conduct official university or state business. Before a person may be authorized to use a privately

owned vehicle to conduct university or state business, certain usage criteria must be met, such as; the campus requesting a copy of the person's driving record from the DMV at least once every four years and judging that the person has a good driving record, a CSU approved defensive driving course must be satisfactorily completed, and Std. Form 261, Authorization to Use Privately Owned Vehicles on State Business, must be completed. Std. Form 261 will be valid for a period not to exceed one year and may be initialed and dated annually by the employee to certify that it is current.

The director of contracts, procurement, and risk management stated that, while the campus sends out advisement memoranda on a regular basis, there was not a mechanism in place to monitor compliance.

Failure to enroll employees who drive private vehicles on official business in the DMV's Employer Pull Notice Program, verify driving records on a scheduled basis, and ensure Std. Form 261 authorizations are obtained and updated exposes the campus to potential lawsuits as well as higher insurance costs.

Recommendation 3

We recommend that the campus:

- a. Ensure that all applicable employees are enrolled in the DMV's Employer Pull Notice Program and that copies of employee driving records are requested from the DMV at least once every four years.
- b. Ensure that all employees that operate vehicles on official business attend and successfully complete an approved defensive driving course.
- c. Obtain and maintain Std. Form 261 for all employees authorized to drive privately owned vehicles while conducting official business, including annual renewals.

Campus Response

We concur. The campus will:

- a. Ensure all applicable employees are enrolled in the DMV's Employer Pull Notice Program and that copies of employee driving records are requested from DMV at least once every four years.
- b. Ensure all employees operating vehicles on official business attend and successfully complete an approved defensive driving course.
- c. Strengthen procedures to ensure Std. Form 261 is obtained and maintained including annual renewals for all employees authorized to drive privately owned vehicles while conducting official business.

Completion date: March 31, 2004.

INJURY AND ILLNESS PREVENTION PROGRAM

The campus was not in full compliance with Title 8 §3203, *Injury and Illness Prevention Program (IIPP)*. More specifically, the campus IIPP document was annotated as a draft pending completion of the formal review and approval process. In addition, five out of eight employees reviewed did not receive safety and health training for injury and illness prevention.

Title 8 §3203, IIPP, dated July 1, 1991, states that every employer shall establish, implement, and maintain an effective injury and illness prevention program. The program shall be in writing and, shall, at a minimum, provide training and instruction to all new employees.

The director of environmental health and safety stated that the campus IIPP had not been fully implemented due to limited staffing in environmental health and safety and the complexity and extent of regulations implemented since 1991.

The absence of a finalized IIPP and failure to ensure that all employees attend initial IIPP training increases the risk of work-related accidents and inappropriate responses in the event of an injury or illness.

Recommendation 4

We recommend that the campus finalize the IIPP and ensure that all new employees complete initial IIPP training.

Campus Response

We concur. The campus will finalize the IIPP and implement procedures to ensure all new employees receive initial IIPP training.

Completion date: March 1, 2004.

OFF-CAMPUS FIELD TRIPS

The campus risk management program did not include a documented process to assess, mitigate, and monitor the risks surrounding off-campus field trips. We noted that none of the five field trips reviewed evidenced risk management's involvement.

EO No. 715, *California State University Risk Management Policy*, dated October 27, 1999, states that the campus risk management policy should include methods of controlling risks and should provide guidelines developed by the systemwide office in consultation with campus risk managers/coordinators to assist campuses in developing campus specific policies, which include health and safety for on and off-campus activities. Further, campus policy implementing these guidelines should include a provision for documenting compliance and should address, at a minimum, those topics included in the guidelines.

The director of contracts, procurement, and risk management stated that the campus does not have a formal campuswide field trip policy. He further stated that he works with the colleges and departments to determine risk issues associated with field trips and mitigation of these issues. The director of contracts, procurement, and risk management also stated that the colleges and departments have included risk mitigation procedures in their field trip procedures on a varying basis.

The lack of policies and procedures to control the risks associated with off-campus field trips unnecessarily exposes participating students to undue risk and increases the potential for loss to the campus and the CSU.

Recommendation 5

We recommend that the campus develop and document off-campus field trip risk mitigation policies and procedures that align with EO No. 715 and establish procedures to monitor compliance.

Campus Response

We concur. The campus will develop and document off-campus field trip risk mitigation policies and procedures that align with EO No. 715 and establish procedures to monitor compliance.

Completion date: July 7, 2004.

INSURANCE PROGRAM ADMINISTRATION

Adequate proof of insurance was not always in accordance with CSU policy.

We reviewed 30 purchase transactions requiring insurance and noted that in 11 instances, risk identification and evaluations were not documented when the service provider's insurance was less than the minimum insurance requirements specified in EO No. 849.

EO No. 849, *CSU Insurance Requirements*, dated February 5, 2003, states that in the absence of risk identification and evaluation, the minimum insurance limits and hold harmless provisions as specified in this EO are required. After consideration of risk factors, the campus may amend the standard practices to use either higher or lower limits. These requirements have been in effect since the initial EO concerning CSU insurance requirements dated April 4, 2000.

The director of contracts, procurement, and risk management stated that it was an oversight not to document the reason for acceptance of less than the minimum insurance. He stated that the reasons were generally because services were not provided on campus or the campus did not have a high-risk exposure.

Failure to complete and document a risk identification and evaluation increases the potential for loss to the campus and the CSU.

Recommendation 6

We recommend that the campus establish controls to ensure that adequate proof of insurance is obtained and that insurance coverage is aligned with CSU policy.

Campus Response

We concur. The campus will revise procedures to ensure adequate proof of insurance is obtained and documented in accordance with CSU policy.

Completion date: March 31, 2004.

WORKERS' COMPENSATION MANAGEMENT

CLAIMS HANDLING

Work-related injuries and illnesses were not consistently handled in accordance with state regulations and timeliness standards.

We reviewed 30 workers' compensation claim files and noted that:

- ▶ Benefits Option Selection Sheet forms and Industrial Disability Benefits Information forms were not provided to employees.
- ▶ In seven instances, the employer's report of occupational injury or illness was not completed within five days after notification of the employees work injury.

State Administrative Manual (SAM) §2581.9 states that the campus shall provide the employee with the Industrial Disability Benefits Information form and the Benefits Option Selection Sheet form within 15 days of the date the claim is accepted.

California Labor Code §6409.1 states that an occupational injury and illness report shall be filed concerning each injury and illness which has, or is alleged to have, arisen out of and in the course of employment, within five days after the employer obtains knowledge of the injury or illness.

The human resources manager stated that the selection forms and information sheets have not been used at the campus because benefit options were verbally explained to employees. He further stated that the employer's report of occupational injury or illness forms were not completed within 5 days due to lack of the necessary information in order to complete the form. The human resources manager also stated that, rather than filing an incomplete 5020 report, it has been their practice to wait until the necessary information has become available.

Failure to handle work-related injuries or illnesses in a consistent and timely manner exposes the campus to penalties and increased claim costs and could negatively impact the return-to-work program.

Recommendation 7

We recommend that the campus ensure that:

- a. Benefit option selection forms and industrial disability benefit information sheets are provided to employees.
- b. The employer's report of occupational injury or illness is completed within five days after notification of the employees work injury.

Campus Response

We concur. The campus has implemented procedures to ensure benefit option selection forms and industrial disability benefit information sheets are provided to all employees who lose time due to work-related illnesses/injuries. In addition, the campus will implement procedures to ensure the employer's report of occupational injury or illness is completed within the required timeframe after notification of the employee's work injury.

Completion date: March 31, 2004.

CLAIMS FOLLOW-UP

Workers' compensation claims resulting from unsafe work conditions and/or environmental risks were not consistently assessed and resolved to prevent future occurrences.

Our review of ten workers' compensation claim files disclosed four files that did not contain documented evidence that an accident investigation took place and/or remedial action was taken.

Title 8 §3203, *IIPP*, dated July 1, 1991, states that the IIPP program should include methods and/or procedures for correcting unsafe or unhealthy conditions and work practices and work procedures in a timely manner based on the severity of the hazard; furthermore, the IIPP program should provide training whenever the employer is made aware of a new or previously unrecognized hazard.

The director of environmental health and safety stated that environmental health and safety reviews the reports of occupational injury or illness and, in appropriate cases, initiates a work request for correction of the hazard. He stated that to date, there has not been a formal crosscheck procedure to ensure that either the department or supervisor of the injured employee has generated a work request when environmental health and safety does not generate one.

Failure to assess and correct known risks increases the potential for liability lawsuits.

Recommendation 8

We recommend that the campus strengthen procedures to assess and resolve conditions from workers' compensation claims that result from unsafe work conditions and/or environmental risks.

Campus Response

We concur. The campus has implemented procedures to ensure timely correction of unsafe work conditions and/or environmental risks as related to occupational injuries and/or illnesses.

Completion date: Corrective action completed.

APPENDIX A: PERSONNEL CONTACTED

<u>Name</u>	<u>Title</u>
Rollin C. Richmond	President
Anne Bolick	Service-Learning and Experiential Education Coordinator
David Bugbee	Human Resources Manager
Carl Coffey	Vice President, Administrative Affairs
R. Kevin Creed	Director, Environmental Health and Occupational Safety
Richard Giacolini	Director, Contracts, Procurement, and Risk Management
Lynda Moore	Human Resources Director
Penelope Shaw	Study Abroad Advisor
Donna K. Sorensen	Director, Fiscal Affairs



HUMBOLDT STATE UNIVERSITY

Vice President of Administrative Affairs

RECEIVED
UNIVERSITY AUDITOR

JAN 27 2004

THE CALIFORNIA STATE
UNIVERSITY

January 26, 2004

Larry Mandel
University Auditor
Office of the University Auditor
The California State University
401 Golden Shore
Long Beach, CA 90802-4210

RE: Audit Report Number 03-31; Risk Management and Insurance at Humboldt State University

Dear *Larry* ~~Mr. Mandel~~:

Enclosed please find Humboldt State University's campus response to Audit Report Number 03-31. We appreciate the effort that you and your staff have made to indicate areas where our procedures and policies could be strengthened. The campus is committed to addressing and resolving the issues identified in the subject audit report.

Please direct questions concerning the response to Donna Sorensen, Director of Fiscal Affairs, at 707-826-3521 or dks2@humboldt.edu.

Sincerely,

Carl Coffey, Vice President
Administrative Affairs

Enclosure

- c: Rollin Richmond, President, w/o enclosure
- David Bugbee, Manager, Human Resources, w/enclosure
- Kevin Creed, Director, Environmental Health & Safety, w/enclosure
- Richard Giacolini, Director, Contracts, Procurement & Risk Mgmt, w/enclosure
- Donna Sorensen, Director, Fiscal Affairs, w/o enclosure

**RISK MANAGEMENT AND INSURANCE
HUMBOLDT STATE UNIVERSITY**

REPORT NO. 03-31

RISK MANAGEMENT AND LOSS PREVENTION PROGRAMS

POLICIES AND PROCEDURES

Recommendation 1

We recommend that the campus:

- a. Develop and document a risk assessment and mitigation plan.
- b. Prepare and issue an annual risk management summary report to the president.

Campus Response

We concur. The campus will develop and document a risk assessment and mitigation plan and will also prepare and transmit an annual risk management summary report to the President.

Completion date: July 7, 2004

SERVICE-LEARNING PROGRAM

Recommendation 2

We recommend that the campus:

- a. Ensure that service-learning plans are created and reviewed with, and signed by, students.
- b. Ensure that service-learning agreements are documented, properly approved, and include the required insurance and hold harmless provisions.

Campus Response

We concur. The campus will implement procedures to ensure service-learning plans are produced, reviewed with and signed by students. The campus will also ensure service-learning agreements are documented, approved and include required insurance and hold harmless provisions.

Completion date: April 30, 2004

USE OF UNIVERSITY AND PRIVATE VEHICLES

Recommendation 3

We recommend that the campus:

- a. Ensure that all applicable employees are enrolled in the DMV's Employer Pull Notice Program and that copies of employee driving records are requested from the DMV at least once every four years.
- b. Ensure that all employees that operate vehicles on official business attend and successfully complete an approved defensive driving course.
- c. Obtain and maintain Std. Form 261 for all employees authorized to drive privately owned vehicles while conducting official business, including annual renewals.

Campus Response

We concur. The campus will:

- a. Ensure all applicable employees are enrolled in the DMV's Employer Pull Notice Program and that copies of employee driving records are requested from DMV at least once every four years.
- b. Ensure all employees operating vehicles on official business attend and successfully complete an approved defensive driving course.
- c. Strengthen procedures to ensure Std. Form 261 is obtained and maintained including annual renewals for all employees authorized to drive privately owned vehicles while conducting official business.

Completion date: March 31, 2004

INJURY AND ILLNESS PREVENTION PROGRAM

Recommendation 4

We recommend that the campus finalize the IIPP and ensure that all new employees complete initial IIPP training.

Campus Response

We concur. The campus will finalize the IIPP and implement procedures to ensure all new employees receive initial IIPP training.

Completion date: March 1, 2004

OFF-CAMPUS FIELD TRIPS

Recommendation 5

We recommend that the campus develop and document off-campus field trip risk mitigation policies and procedures that align with EO No. 715 and establish procedures to monitor compliance.

Campus Response

We concur. The campus will develop and document off-campus field trip risk mitigation policies and procedures that align with EO No. 715 and establish procedures to monitor compliance.

Completion date: July 7, 2004

INSURANCE PROGRAM ADMINISTRATION

Recommendation 6

We recommend that the campus establish controls to ensure that adequate proof of insurance is obtained, and that insurance coverage is aligned with CSU policy.

Campus Response

We concur. The campus will revise procedures to ensure adequate proof of insurance is obtained and documented in accordance with CSU policy.

Completion date: March 31, 2004

WORKERS' COMPENSATION MANAGEMENT

CLAIMS HANDLING

Recommendation 7

We recommend that the campus ensure that:

- a. Benefit option selection forms and industrial disability benefit information sheets are provided to employees.
- b. The employer's report of occupational injury or illness is completed within five days after notification of the employees work injury.

Campus Response

We concur. The campus has implemented procedures to ensure benefit option selection forms and industrial disability benefit information sheets are provided to all employees who loose time due to work related illnesses/injuries. In addition the campus will implement procedures to ensure the employer's report of occupational injury or illness is completed within the required timeframe after notification of the employee's work injury.

Completion date: March 31, 2004

CLAIMS FOLLOW-UP

Recommendation 8

We recommend that the campus strengthen procedures to assess and resolve conditions from workers' compensation claims that result from unsafe work conditions and/or environmental risks.

Campus Response

We concur. The campus has implemented procedures to ensure timely correction of unsafe work conditions and/or environmental risks as related to occupational injuries and/or illnesses.

Completion date: Corrective action completed.

THE CALIFORNIA STATE UNIVERSITY
OFFICE OF THE CHANCELLOR

BAKERSFIELD

February 2, 2004

CHANNEL ISLANDS

CHICO

MEMORANDUM

DOMINGUEZ HILLS

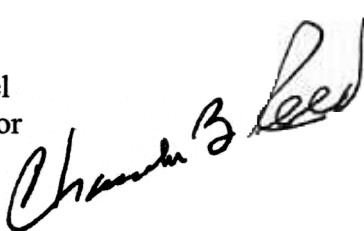
FRESNO

TO: Mr. Larry Mandel
University Auditor

FULLERTON

HAYWARD

FROM: Charles B. Reed
Chancellor



HUMBOLDT

SUBJECT: Draft Final Report Number 03-31 on *Risk Management and Insurance*, Humboldt State University

LONG BEACH

LOS ANGELES

MARITIME ACADEMY

In response to your memorandum of February 2, 2004, I accept the response as submitted with the draft final report on *Risk Management and Insurance*, Humboldt State University.

MONTEREY BAY

NORTHRIDGE

POMONA

CBR/ac

SACRAMENTO

Enclosure

SAN BERNARDINO

cc: Dr. Rollin Richmond, President

SAN DIEGO

SAN FRANCISCO

SAN JOSE

SAN LUIS OBISPO

SAN MARCOS

SONOMA

STANISLAU