



Office of Financial Management

Loss Prevention Review Team Program

Revised Program Guidelines (effective December 1, 2008)

The Risk Management Division (RMD) of the Office of Financial Management maintains a coordinated safety and loss control program that has the benefits of reducing liability exposure, safeguarding state assets, and reducing costs associated with state liability and property losses.

As a part of this program, the Risk Management Division has developed and maintains centralized loss history information for the purpose of identifying and analyzing risk exposures. Part of the loss history information includes incidents reported to the Loss Prevention Review Team Program.

Reporting

Authority RCW 43.41.370(4) authorizes the Office of Financial Management (OFM) to establish reporting guidelines for the Loss Prevention Review Team.

Who Reports The Loss Prevention Review Team Program (LPRT) applies to all state agencies. "State agency" includes every state agency, office, officer, board, commission, department, state institution, or state institution of higher education, which includes all state universities, regional universities, The Evergreen State College and community and technical colleges.

What to Report State agencies report the following incidents to OFM under the LPRT:

1. Death;
2. Significant bodily injury;
3. Substantial property loss (in excess of \$100,000);
4. Substantial loss related to agency policies, procedures, or management practices, particularly where it appears there is a risk the event may recur; and
5. Substantial loss related to litigation or defense practices.

Report Source Agencies report incidents arising out of their programs or activities directly to OFM. If there is a shared responsibility between two or more agencies, all involved agencies must report the incident to OFM. OFM may also identify an incident to be within the scope of LPRT's authority, and request that an agency provide an Initial Loss History Incident Report.

LPRT Liaison OFM recommends that each agency name an individual to act as a liaison with OFM's Risk Management Division for reporting purposes.

Initial Loss History Incident Report OFM asks that incidents be reported on the Initial Loss History Incident Report developed by the LPRT. The form can be sent electronically or in hard copy. It can be accessed on OFM's website under the LPRT section of the Risk Management page at www.ofm.wa.gov.

Report Timing The statute requires immediate reporting to OFM after an incident occurs. Please file Initial Loss History Incident Reports with LPRT within ten business days of identifying that a LPRT level incident occurred.

OFM will accept a report whenever an agency realizes that an incident occurred that falls within the reporting criteria. For example, OFM’s receipt of a formal tort claim may be the agency’s first notice of a LPRT-level incident. Even though the claim is served through OFM-RMD, the agency must still file a LPRT Initial Loss History Incident Report.

Similarly, even if other reports are filed with OFM, the Governor’s office or other state agencies regarding a LPRT-level incident, please also file the LPRT Initial Loss History Incident Report with OFM-RMD.

Unique Reporting Criteria

When LPRT guidelines were created, OFM identified unique reporting criteria for certain agencies because agencies experience different levels of exposure to the types of incidents reportable under the LPRT law. However, the program mandates that incidents be reported and assessed as to whether they merit review. OFM will no longer apply unique reporting criteria to agencies, with the following exception.

Where it is overly burdensome for an agency to report all incidents within a certain category, OFM may agree to apply unique reporting criteria. Agencies should contact OFM to request an exception to the reporting requirements, and include the following information in any request to limit reporting:

- ✓ The total number of incidents that would have been reported without limitation during the preceding fiscal year;
- ✓ The proposed limitation, and rationale for it; and
- ✓ The total number of incidents that would have been reported with the suggested limitation during the preceding fiscal year.

OFM will review the request and determine whether or not to apply the reporting limitation. During this review by OFM, continue to report all qualifying incidents.

Review Determinations

Under LPRT, the Director makes a determination that a review is or is not merited (RCW 43.41.370 (1)). The LPRT program manager prepares an assessment of each reported incident for the Director’s use to make that determination.

Assessment

When an agency reports an incident to LPRT, the incident is assigned a log number and the LPRT program manager requests from the agency the initial materials required to assess the merit of performing a review. The assessment includes the following areas:

- Identifying potential areas of state liability;
- Determining the potential for recurrence and in what form;
- Assessing whether the agency’s actions before, during and after the event conformed to its policies and procedures in effect at the time;

- Assessing whether the policies and procedures changed after the event, and if so, whether the changes impact the likelihood of recurrence;
- Determining the agency’s response and efforts to evaluate the event;
- Identifying and evaluating any corrective action; and
- Reviewing empirical types of claims/litigation arising from similar events for the agency or other agencies.

Documents

Documents relevant to the incident and its assessment may be requested by the LPRT. OFM asks agencies to send documents in a copied or electronic format, without redaction or editing, when the LPRT program manager requests it. If a document is confidential, proprietary or otherwise deemed privileged or exempt from public disclosure, the source agency should note that on the document or on a cover sheet attached to the document.

Conducting the Review

Agency Notice

The OFM Director appoints a team to review incidents, and notifies the agency in writing that a review is planned.

Review Team Composition

The Review Team is an independent group of volunteers. At least one member of the Review Team will have specific expertise in the topic of the review or the subject agency.

Team Coordinator

OFM designates a Team Coordinator, who is generally an OFM employee, to facilitate the review process. The coordinator works with the agency to set up interviews and obtain documents and other information for the review. Please direct any comments, concerns or complaints during the review to the Team Coordinator or to the manager of the LPRT program for resolution.

Confidentiality

Each LPRT Review Team member signs a Confidentiality Agreement promising to keep the review process, documents and interviews confidential to the extent that they involve confidential documents or incidents subject to privacy or confidentiality requirements. The Confidentiality Agreement requires LPRT team members to use adequate security measures to prevent third party access to confidential documents or information. OFM staff working with confidential or privileged documents also sign Confidentiality Agreements.

Team Focus

The review involves one or more incidents reported to LPRT. The purpose of the review is not to conduct an audit or to determine liability or fault. The review is a risk assessment tool that identifies what happened leading up to an event, what the agency’s role was or was not, and what can be proposed as loss prevention strategies to prevent the same thing from happening in the future, as well as ways to minimize the loss resulting from such an event.

Duration of Review

Generally, the Review Team takes four months to review and evaluate the incident(s) and prepare its report. On average, Review Team members spend a minimum of 350 hours preparing the report, and more if the subject is complex or if there are multiple incident events included in the review.

Review Report

The Review Team concludes its review by issuing a report addressed to the Director of OFM, and the Director of the agency whose program is being reviewed. The final report will be posted on OFM's website. It shall not disclose any document required by law to be kept confidential.

Agency Response

RCW 43.41.380 requires the agency to respond to the Review Team's report within 120 days of the completion of the report. OFM defines completion of the report as the day the agency receives the final report from OFM.

60-Day Meeting OFM asks the agency to meet with the LPRT Program manager within 60 days of receiving the report in order to discuss the agency's 120-day response. At this meeting, OFM can communicate potential implementation or funding issues to the agency. It also enables OFM to outline other information that may be required in the response, per RCW 43.41.380.

120-Day Response The agency's 120-day response becomes part of the final report, which is posted on OFM's website. The response should identify the recommendations the agency chooses to implement, the implementation plan (including necessary funding or legislation), and any other information required by OFM.

Implementation

Agency Implementation The agency is responsible for identifying the Review Team recommendations it plans to implement. The agency's implementation plan will include working with OFM to address any associated program design changes and any budget, policy, and personnel issues.

Monitoring OFM's Risk Management division will monitor, and assist to the extent possible, the agency's implementation of the Review Team's recommendations.

Approved: 
Victor Moore, Director
Office of Financial Management

December 1, 2008

Date