



## LOSS PREVENTION REVIEW TEAMS

### CRITERIA FOR REVIEWS

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#### PURPOSE

Loss Prevention Review Teams Criteria for Reviews describe the factors that the Director of the Office of Financial Management (OFM) will apply to determine whether an incident reported to OFM in accordance with RCW 43.41.370 (ESSB 6428) merits an independent review by a loss prevention review team. Additional criteria may be developed and added to this process.

#### BACKGROUND

ESSB 6428 was enacted by the Legislature during the 2002 session and became effective on June 13, 2002. See RCW 43.41.370 and 43.41.380. RCW 43.41.370(1) directs the Director of OFM to appoint a loss prevention review team when the death of a person, serious injury to a person, or other substantial loss is alleged or suspected to be caused at least in part by the actions of a state agency **unless the director, in his or her discretion, determines that the incident “does not merit review”**. A loss prevention review team may also be appointed when any other substantial loss occurs as a result of agency policies, litigation, defense practices, or other management practices.

The purpose of the loss prevention review team is to review the incident, evaluate the causes and make recommendations regarding agency policies, procedures or processes that could reduce future risk of loss. The review is not intended to determine individual fault or liability but is intended to be a broader look at the agency’s systems.

#### ANALYSIS

The statute provides the Director with the discretion to determine whether an incident merits review. The term “merit” means worthy of or entitled to. In order to determine whether an incident is worthy of review, you need to know what is being reviewed and the purpose or desired outcome of a review.

RCW 43.41.370(3) provide that loss prevention reviews include:

1. A review of the death of or serious injury to a person or other incident resulting in substantial loss, including the circumstances surrounding the incident.
2. Evaluation of the causes for the incident and resulting loss.
3. Recommended steps to reduce the risk of the incident and resulting loss from occurring in the future.

The Legislature intends a loss prevention review be conducted when the death or serious injury to a person or other substantial loss is alleged or suspected to be caused at least in part by agency action, within the Director’s discretion. The fiscal note and appropriation for the program anticipate approximately twelve reviews per fiscal year, although more than one incident will be reported each month. Considering the statutory goals and requirements, the following criteria will be used to determine whether an incident merits review.

## **CRITERIA FOR LOSS PREVENTION REVIEWS**

The Director will consider the following criteria to determine whether an incident merits review.

- Systems. Does the incident significantly relate to agency systems, policies, or practices?
- Multiple Occurrences of Similar Incidents. Is this an isolated incident or has there been more than one same or similar type of incident within the past year? If more than one incident has occurred, has there been a similar or increasing level of loss? Have these incidents occurred in the same general location or under the same supervision or structure, indicating a possible pattern or systemic problem?
- History of Reoccurrence. During the past two to five year period, has there been other occurrences of the same or similar type of incident? If yes, has there been a similar or increasing level of loss? Have these incidents occurred in the same general location or under the same supervision or structure, indicating a possible pattern or systemic problem?
- High Risk of Future Occurrence. Based on information available, is there a high probability that the same or similar type of incident will occur in the future? Would a future incident result in the same or increased level of loss?
- Vulnerable Victims. Are the victims considered vulnerable persons, having the reduced ability to protect themselves from outside harm?
- Consequences Resulting From Incident. Did the incident result in death, serious injury to a person or persons, or substantial property damage or loss? Would a future incident result in the same or similar loss? Does the incident have other negative effects on the state, including loss of confidence in state government or its services?
- Impact Across State Agencies. Is this type of incident one that could occur in more than one state agency? Would the results of a review benefit programs in more than the agency affected by the incident under review? Could the review have a broad impact?
- Agency Internal Review Conducted. Did the agency perform its own internal review? If yes, was the review comprehensive? Did the review focus on agency policies and operations, making recommendations as to systemic changes to reduce the risk of future occurrences? Would an additional independent review add value or reduce future risk?
- External Review(s) Conducted. Did another agency perform a review of the incident? If yes, was the review comprehensive? Did the review focus on the agency policies and operations, making findings or recommendations as to system changes to reduce the risk of future occurrences? Would an additional independent review add value or reduce future risk?
- Resources. Are there sufficient resources available to appoint a loss prevention review team and conduct a comprehensive review of the incident?

If an agency is reviewing an incident through an internal review process, the Director may wait to determine whether the incident merits a review until the internal review process is complete. When the Director determines that an incident does not merit review, the decision will be posted on the OFM website, Loss Prevention Review page.