

LaSalle Elementary School District 122



Risk Management Program

Effective: July 1, 2019

LaSalle Elementary School District 122

RISK MANAGEMENT PROGRAM

1. INTRODUCTION

1.1 Policy

The Board of Education of LaSalle Elementary School District 122 recognizes its role of stewardship over the assets of the District, both human and financial. It interprets its responsibility in this area as requiring the highest possible concern for the safety of its students and employees, and the public. The District shall therefore have in operation a comprehensive Risk Management Program designed to protect the District against any liability or loss which may be imposed upon it or one of its employees for a tortious act, and to identify risk management, educational, inspectional and supervisory expenses directly attributable or relating to loss prevention and loss reduction.

The District recognizes its ability to budget for and thereby retain limited and predictable exposures to loss. It shall not be the District's practice to attempt to insure such foreseeable and bearable exposures, if alternatives can be achieved with due regard to sound risk management practices. Only when it is deemed that the District cannot eliminate or economically retain an exposure to loss shall it be transferred by purchase of insurance. Moreover, even if insurance is purchased, the District shall continue to perform sound risk management practices pursuant to this policy in order to minimize liability or loss and to reduce insurance premiums.

1.2 Purpose

It is of the utmost importance for the District to:(1) ensure the health and safety of all visitors, employees and students; (2) ensure District buildings and grounds are maintained in a safe condition; and (3) provide careful supervision of District property.

Risk management is a management tool to assess and mitigate events that might adversely impact the District. This Risk Management Program presents the process for implementing proactive risk management as part of the overall management of the District. This Program describes the methods for identifying, analyzing, prioritizing, and tracking loss exposures, and planning adequate resources to manage loss exposures. It assigns specific responsibilities for the management of risk and prescribes the processes to be followed.

1.3 Legal Authority

The Illinois Local Government and Governmental Employees Tort Immunity Act (745 ILCS 10/9-101 et seq.) authorizes a school district to levy a tax which, when collected, will pay the cost of risk management (Section 9-107). In addition, this Section allows funds raised pursuant to its provisions to be used to pay the cost of insurance, including all operating and administrative costs and expenses directly associated therewith, claim services and risk management directly associated therewith, claim services and risk management

directly attributable to loss prevention and loss reduction, educational, inspectional and supervisory services directly relating to loss prevention and loss reduction, to purchase claim services, to pay for judgments or settlements, or to otherwise pay the cost of risk management plans. The Illinois Appellate Court for the Second District has affirmed a school district's authority for such a levy and to pay such expenses in *In re Objections to Tax Levies of Freeport School Dist. No. 145 et al.*, 372 Ill. App.3d 562, 865 N.E.2d 361 (2nd Dist. 2007).

1.4 Program Summary

This Risk Management Program identifies and establishes an effective risk management process that uses the District's physical and human resources to effectuate the policy and achieve the purposes set forth herein. The steps in the risk management process accepted by the Second District Appellate Court in *In re Objections to Tax Levies of Freeport School Dist. No. 145 et al.* are incorporated herein as the basis of this Risk Management Program, namely: (1) identify and analyze loss exposures; (2) select techniques for treating loss exposures; (3) implement the selected techniques; and (4) monitor and modify the selected techniques. The District finds that the most effective manner in which to implement this Risk Management Program is to thoroughly integrate risk management into every level of the District's operations. All employees shall have the duty to apply all four steps of the risk management process for those areas over which they have responsibility.

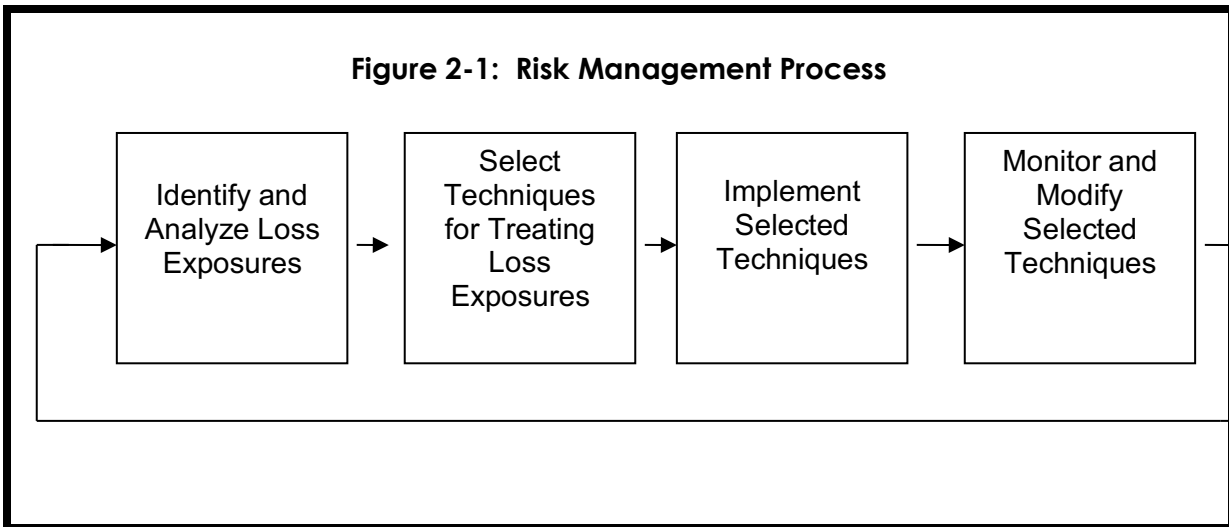
1.5 Supplementation, Clarification and Amendment

The policy, purpose, authority and program provided for in this Risk Management Program are not new to the District. Most if not all District employees already perform the risk management process pursuant to the Districts' policies, practices and procedures. This Risk Management Program is therefore intended to supplement, and to the extent necessary clarify and amend those policies, practices and procedures, in order to implement risk management activities in the manner stated in this Risk Management Program.

2. RISK MANAGEMENT PROCESS

2.1 Overview

Figure 2-1 illustrates in general terms the overall Risk Management Process that will be followed. As seen, the Risk Management Process is an iterative process, with each step in the process building on the results of the previous step. Each of the risk management steps shown in the figure below are described more fully in the following paragraphs.



A loss exposure is a set of circumstances that presents a possibility of loss, whether or not a loss actually takes place.¹ More specific in terms of this Risk Management Program, the loss exposures to be addressed are circumstances that would give rise to liability or loss which may be imposed upon the District or one of its employees for a tortious act. A tort is a wrong against another for which the law provides money damages as a remedy, such as a personal injury. A tort may include physical and/or emotional harm to a person, a violation of a person's legal rights, and/or physical harm to a person's property.

2.2 Identify and Analyze Loss Exposures

The first step in the Risk Management Process is to identify and analyze loss exposures. These steps include: (1) identifying persons and property that are exposed to loss and the perils that can cause the loss; and (2) measuring the potential frequency and severity of the loss exposures. Identification should be both a systematic and a continuing process to review all property, activities, and personnel to determine what loss exposures are faced by the District. Measurement should review the number of accidents that are likely to occur, how severe the dollar losses are likely to be, and the variation in the potential losses in order to prioritize the exposures according to their importance.

2.3 Select Techniques for Treating Loss Exposures

After the loss exposures have been identified and analyzed, the second step in the Risk Management Process is to develop techniques to manage those exposures that are significant by analyzing various techniques and selecting those best fitted for each exposure. There are essentially four risk-managing techniques:

- (1) **Loss Exposure Avoidance**, which eliminates the sources of loss exposures and replaces them with lower risk solutions;

¹ Williams, C. Arthur Jr., et al. Principles of Risk Management and Insurance, 2nd ed., American Institute for Property and Liability Underwriters, 1981, vol. I, p. 2,

- (2) **Loss Exposure Transfer**, which is the reallocation of the exposure to others, such as the purchase of insurance;
- (3) **Loss Exposure Control**, which manages the loss in a manner that reduces the likelihood of its occurrence and/or minimizes the effect on the District; and
- (4) **Loss Exposure Assumption** (also known as “self-insurance”), which is the acknowledgment of the existence of a particular loss exposure and a conscious decision to accept the associated level of loss exposure with or without engaging any special efforts to control it.

Additionally, using a combination of the four techniques is also possible. In determining the “best” overall technique(s) for treating loss exposures, all potentially applicable techniques should be identified and evaluated, using the following criteria:

- Feasibility of the technique;
- Expected effectiveness of the technique;
- Cost implications of the technique; and
- Effect on the District's performance.

2.4 Implement Selected Techniques

The third step in the Risk Management Process is to implement the selected techniques using the District's physical and human resources. This step entails determining how to implement the selected techniques, identifying what person(s) will perform and monitor the techniques, and communicating that information to the appropriate personnel, and may also include any educational, inspectional, and supervisory tasks related thereto. The components of implementation may include but are not limited to educating the person(s) identified, and then supervising and inspecting the implementation of the technique to ensure that the technique is properly implemented and that the technique is achieving the desired results.

2.5 Monitor and Modify the Selected Techniques

The fourth step in the Risk Management Process is to monitor the implementation of the techniques to determine whether they should be modified. Key components of this step in the Risk Management Process is the supervision and inspection of the implementation of the technique, which will reveal if the technique is successful to address the loss exposures identified in step one. The Board finds that the most effective manner to monitor the selected techniques includes not only supervision and inspection by the District administration, but also requires self-reporting by the person(s) selected to implement the techniques because those person(s) are in a unique position to most readily evaluate the effectiveness of the selected techniques. If a technique is not

working and a correction is warranted, the first three steps in the risk management process should be repeated.

3. RISK MANAGEMENT ORGANIZATION

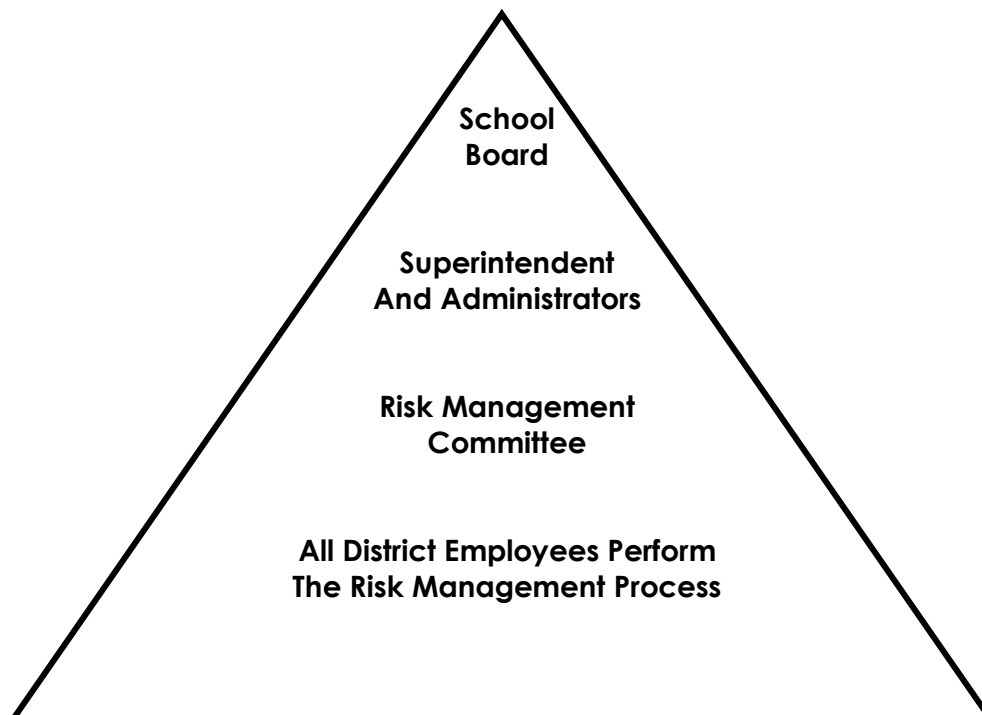
3.1 Overview

The District has determined that the most effective manner in which it to implement this Risk Management Program is to thoroughly integrate risk management into every level of the District's operations. Every District employee, from top to bottom, should understand the District's risks and his or her role in preventing and controlling potential losses.

3.2 Risk Management Organization

The Superintendent, and other designated administrators should oversee, coordinate, and assign responsibilities for implementing this Risk Management Program, and shall report to the School Board. The Risk Management Committee should develop the overall risk management analytical framework, implement the performance of the Risk Management Process by all District employees, and report to the Superintendent. All levels of employees have a duty to perform the four steps of the Risk Management Process for those areas over which they have responsibility. Figure 3.2 illustrates the risk management organization.

Figures 3.2: Risk Management Organization



3.2.1 Superintendent, and Other Designated Administrators

The Superintendent, and other designated administrators, and their respective staffs, have the general responsibility for the implementation and maintenance of this Risk Management Program. They should continually evaluate the effectiveness of the Program and be apprised of needed revisions, additions or deletions to the components and assigned responsibilities.

The Superintendent, and other designated administrators should assign District employees to serve on the Risk Management Committee, and should also be members of the Committee.

The Superintendent, and other designated administrators should review and consider the results of the Risk Management Process performed by all District employees, and perform the Risk Management Process for the areas over which they have sole responsibility.

In performing their responsibilities, they should:

- Finalize the District's Risk Management Plan and communicate it to all District employees;
- Modify job descriptions for each employee who will be implementing and/or monitoring the selected risk management techniques;
- Ensure that each employee is aware of his/her revised job description that relate to his/her part in implementing and/or monitoring the selected risk management techniques;
- Provide training to an employee if necessary to support his/her responsibilities for implementing and/or monitoring the selected risk management techniques;
- Monitor the overall success/failure of the selected risk management techniques on a regular basis, and revise the techniques and Risk Management Plan as necessary; and
- Report to the Board on the Risk Management Program.

3.2.2 Risk Management Committee

The members of the Risk Management Committee, and their staffs, should develop the overall risk management analytical framework for the Risk Management Process and implement the performance of the Risk Management Process by all District employees.

The Committee should review and consider the results of Risk Management Process performed by all District employees, and perform the Risk Management Process for the areas over which they have sole responsibility.

In performing their responsibilities, the Committee should:

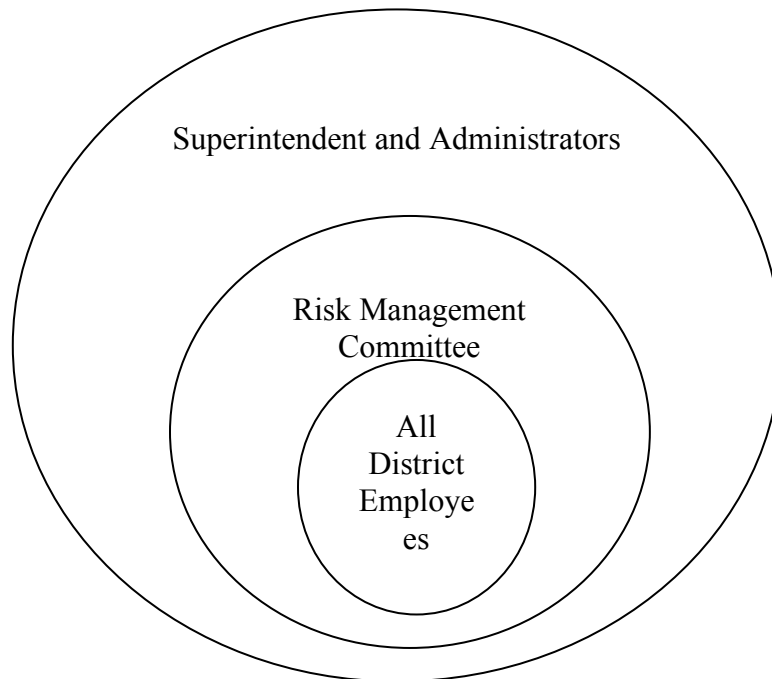
- Create the risk management analytical framework and report it to the District employees;
- Communicate the results of their individual performances of the Risk Management Process to the other members of the Committee;
- Prepare a recommended Risk Management Plan;
- Recommend job descriptions for each employee who will be implementing and/or monitoring the selected risk management techniques;
- Ensure that each employee is aware of his/her revised job description that relate to his/her part in implementing and/or monitoring the selected risk management techniques;
- Provide training to an employee if necessary to support his/her responsibilities for implementing and/or monitoring the selected risk management techniques;
- Monitor the overall success/failure of the selected risk management techniques on a regular basis, and revise the techniques and Risk Management Plan as necessary; and
- Report to the Superintendent.

3.2.3 Employee Participation

The District has determined that the most effective manner in which to implement this Risk Management Program is to thoroughly integrate risk management into every level of the District's operations. Every District employee, from top to bottom, should understand the District's risks and his or her role in preventing and controlling potential losses. All levels of employees have a duty to perform the four steps of the Risk Management Process for those areas over which they have responsibility.

Figure 3.2.3 illustrates that it is critical that all District employees participate in this Risk Management Program to effectuate the policy and achieve the purposes set forth herein. All District employees must perform the Risk Management Process in the areas for which they have responsibility.

Figure 3.2.3: District Employee Participation in Risk Management Program



Accordingly, all District employees shall be expected to perform their additional duties in accordance with this Risk Management Program, and the job description of every employee position is hereby revised to include the extra duties and responsibilities required to fully implement and evaluate the risk management components of this Risk Management Program.

4. RISK MANAGEMENT IMPLEMENTATION

4.1 Overview

The Superintendent, and other designated administrators initiate this Risk Management Program by selecting the members of the Risk Management Committee. The Committee will prepare the risk management analytical framework to broadly capture the District's risk and their potential impact, and will implement the performance of the Risk Management Program by all District employees, using the risk management analytic framework as a guide. The Committee should analyze the results of the performance of the Risk Management Process, and prepare a recommended Risk Management Plan. The Superintendent, and other designated administrators should finalize and communicate the Risk Management Plan and changes to District policies, practices, procedures, and employee job descriptions in order to implement and monitor the selected techniques. The Committee continually monitors the Risk Management Program and Plan, and to the extent possible risk management should be a topic in all District meetings.

4.2 Implementation of the Risk Management Program

4.2.1 Selection of the Risk Management Committee

The general responsibility for the implementation and maintenance of this Risk Management Program rests with the Superintendent, and other designated administrators. They should continually evaluate the effectiveness of the Program and be apprised of needed revisions, additions or deletions to the components and assigned responsibilities.

The Superintendent, and other designated administrators should select the members of the Risk Management Committee, and also serve as members of the Committee. The number of members for each committee should only be as many as are needed to provide a broad overview of the District's risks, but should be sufficient to include a group of employees that are knowledgeable about the full breadth of the District's operations, including those most directly related to: (1) the health and safety of all visitors, employees and students; (2) District buildings and grounds; and (3) District property. The members of the Committee should be provided copies of this Risk Management Program.

4.2.2 Risk Management Committee Develops the Risk Management Analytical Framework and Implements Performance of the Risk Management Process

The Risk Management Committee should develop the risk management analytical framework to capture the District's risks and their potential impact as fully as possible without detailing all potential losses that may result. The Committee should analyze each broad area of risk to evaluate its applicability to the District and its potential impact. The analytical framework addresses broad areas of risk and impact, rather than specific types of potential losses, because its purpose is to help the District identify the particular risks and potential impacts that are most likely to affect the organization, rather than to require them to work through an exhaustive list.

The Risk Committee should also implement the performance of the Risk Management Process by all District employees. The members of the Committee should be assigned an area for which he or she has responsibility, and will be responsible for having appropriate employees for those areas to make recommendations for each of the four steps of the Risk Management Process.

The Committee may form subcommittees as necessary to research and report on specific topics.

4.3.3 Risk Management Committee Analyzes the Results of the Risk Management Process and Prepares a Recommended Risk Management Plan

The Risk Management Committee should communicate the results of the Risk Management Process performed by the District Employees to the Superintendent, and other designated administrators. The Committee should discuss and analyze the results of the Risk Management Process to develop a consensus on the potential frequency and severity of losses associated with the District's risks, and to prioritize the risks for

intervention. The Committee should communicate with the District employees to report on progress and seek input.

The Risk Management Committee should report its findings, including the risks identified, techniques considered, and the recommended techniques, implementation and monitoring to the Superintendent, and other designated administrators, and should prepare a recommended Risk Management Plan.

4.3.4 Finalizing the Risk Management Plan

The Superintendent, and other designated administrators should prioritize the risks identified, select techniques, and implement and monitor the techniques selected. They should work closely with the Risk Management Committee, and other appropriate District employees, particularly within the areas of operation that will implement the techniques selected. They may appoint persons to act as liaisons to applicable areas of operation. The selected techniques and monitoring methods should be generally described in a written Risk Management Plan. The Risk Management Plan should briefly describe the overall findings and recommendations of the employees and the Committees, and generally describe the selected risk management techniques and monitoring methods adopted. The Risk Management Plan does not have to identify the results of each step in the Risk Management Process for each loss exposure identified. The Risk Management Plan is intended to provide a general description of the manner in which the Risk Management Plan is implemented by maintaining, modifying, adding, deleting, or otherwise changing the policies, practices and procedures of the District and/or the training, responsibilities and job descriptions of District employees. Such changes may include requiring District employees to perform certain tasks, as well as inspecting and supervising others. These responsibilities may be generally described in the Risk Management Plan, but specific information should be imbedded in the Districts' policies, practices and procedures, and responsibilities and job descriptions of District employees.

4.3.5 Communication and Implementation of the Risk Management Plan and Selected Techniques and Monitoring Methods

The Superintendent, and other designated administrators should communicate the Risk Management Plan to the District employees, and explain the modification, addition, deletion or other changes to the Districts' policies, practices and procedures and/or the training, responsibilities and job descriptions of District employees in a manner deemed most effective and efficient. It will then be the responsibility of all District employees to implement the Risk Management Plan.

Implementation of the Plan is an ongoing process, and the Superintendent, and other designated administrators generally have primary responsibility for monitoring implementation and ensuring that the ongoing work of the Risk Management Committee (and operational areas) occurs. The Committee is responsible for monitoring the District's losses and identifying and analyzing any changes in risks.

4.3.6 Risk Management at District Meetings

The Risk Management Process should be a topic at all District meetings when circumstances allow, in order to continuously monitor the selected techniques and to identify loss exposures that may adversely impact the District in order to perform the Risk Management Process to address those loss exposures.

4.4 Allocation of Salaries

For purposes of properly levying for the expenses of this Risk Management Program pursuant to the Illinois Local Government and Governmental Employees Tort Immunity Act (745 ILCS 10/9-101 et seq.) and *In re Objections to Tax Levies of Freeport School Dist. No. 145 et al.*, 372 Ill. App.3d 562, 865 N.E.2d 361 (2nd Dist. 2007), it is necessary to determine what portion of each District employee's salary is attributed to his/her responsibilities under this Risk Management Program and the Risk Management Plan. The Superintendent, and other designated administrators, with the assistance of the Risk Management Committee, should therefore perform a simple time allocation study to estimate the portion of each District employee's spent on this Risk Management Program and the Risk Management Plan. The Superintendent shall report to the Board the allocations determined for purposes of allocating a particular portion of an employee's compensation to the Tort Immunity levy. Performing ordinary duties with due care shall not be allocated and chargeable to the Tort Immunity levy. The Superintendent's report should be similar to form reflected in Exhibit A hereto.

The Board shall review the Superintendent's allocations of salaries and recommendations for additional safety related expenditures for assignment to the tort levy. The Board may adopt the Tort Immunity Levy based on the Superintendent's report and in accordance with the Illinois Local Government and Governmental Employees Tort Immunity Act (745 ILCS 10/9-101 et seq.) and *In re Objections to Tax Levies of Freeport School Dist. No. 145 et al.*, 372 Ill. App.3d 562, 865 N.E.2d 361 (2nd Dist. 2007). Notwithstanding the foregoing, it is the policy of the District that all non-salary related expenditures shall be paid first out of taxes collected pursuant to the Tort Immunity levy, and that the salaries allocated for risk management purposes shall only be paid from taxes remaining after such non-salary expenditures.

**Superintendent's Report of Recommended Safety
Related Expenditures and Salary Allocations Pursuant for the Tort Immunity Levy**

A. Safety Related Expenditures (Non-Salary)

The following items are recommended to be charged to, and payable with, Tort Immunity Levy Funds during the 2020 fiscal year:

<u>ITEM</u>	<u>AMOUNT</u>
Workers Compensation Insurance	100%
Property/Casualty/Auto Insurance	50%
Unemployment Insurance	100%
Nursing/Health Services Supplies	85%
CPR Certification Renewal	100%
Building Security Equipment	50%

B. Salary Allocations

The following Salary Allocations are recommended to be charged to, and payable with, Tort Immunity Levy Funds during the 2019 fiscal year. Specific job duties for each included employee are described in the Risk Management Program, Risk Management Plan, and District policies, practices and procedures.

<u>TITLE</u>	<u>SALARY ALLOCATION</u>	
Administration		
District Superintendent	15%	Salary & Benefits
Northwest Principal	15%	Salary & Benefits
Lincoln Principal	15%	Salary & Benefits
Assistant Principal Northwest	15%	Salary & Benefits
Assistant Principal Lincoln	15%	Salary & Benefits
Nursing/Health Services		
District Nurse	15%	Salary & Benefits
Custodial		
Day Shift Lincoln	15%	Salary & Benefits
Day Shift Northwest	15%	Salary & Benefits
Afternoon Shift Lincoln	15%	Salary & Benefits
Afternoon Shift Northwest	15%	Salary & Benefits
Certified Staff		
Teachers	3%	Salary & Benefits
Non-Certified		
Paraprofessional	3%	Salary & Benefits