

# **CITY AUDITOR'S OFFICE**



## **AUDIT OF SAFETY/LOSS CONTROL**

**Report No. CAO 501-0001-06**

**May 18, 2001**

**RADFORD K. SNELDING, CPA, CIA, CFE**

**CITY AUDITOR**

May 18, 2001

Mayor Oscar Goodman  
Councilman Gary Reese (Mayor Pro-Tem)  
Councilman Michael J. McDonald  
Councilman Larry Brown  
Councilwoman Lynette Boggs McDonald  
Councilman Lawrence Weekly  
Councilman Michael Mack  
City of Las Vegas Audit Committee

Subject: CAO 501-0001-06 Audit of Safety/Loss Control

Attached please find the report mentioned above. Management comments are included in Attachment 1.

Sincerely,

Radford K. Snelding, CPA, CIA, CFE  
City Auditor

**EXECUTIVE SUMMARY**  
**AUDIT OF SAFETY/LOSS CONTROL**  
**REPORT CAO 501-0001-06**

The purpose of this executive summary is to convey in capsule form the significant issues of the audit report. The executive summary is a vehicle for reviewing the report and should be used in conjunction with the entire report.

**INTRODUCTION**

The City Auditor's Office conducted an operational audit of the City's Safety/Loss Control. The primary objectives of this audit were to determine whether adequate controls were in place to provide preventive safety measures as well as to minimize unnecessary injuries or losses.

**OVERVIEW OF SIGNIFICANT ISSUES**

We believe the City's Safety/Loss Control is generally adequate. Our audit did, however, identify areas that management should review to further improve efficiency and effectiveness of the safety program. The following is a summary of the significant issues:

- The City's employee injury rates were higher than the average rates of other local governments in Nevada. The safety program should be re-evaluated to reduce workplace injuries and financial burdens to the City.
- The City should set goals to lower its vehicle accident rate.
- The City should require bi-annual actuarial studies for all of its self-insurance funds to ensure adequate amounts of fund balance are reserved to meet the anticipated obligations.
- Management should be more actively involved in promoting workplace safety and communicate safety issues with all employees on a regular basis.
- The City should establish a policy to ensure all injuries and accidents are thoroughly investigated to identify the root causes and to eliminate the unsafe conditions.
- Formal safety inspections were not conducted periodically and disciplinary actions related to safety violations were not consistently enforced.
- The City's safety manual was not updated to ensure compliance with the Occupational Safety and Health Administration (OSHA) standards.
- While the Insurance Services developed three emergency action plans, many civic buildings and facilities do not have an emergency action plan specific to their locations.
- Fire wardens are not trained in the use of portable fire extinguishers and the extinguishers are not checked monthly and serviced annually as required.

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**EXECUTIVE SUMMARY**  
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**BACKGROUND**

The City of Las Vegas is self-insured, self-administered for its workers' compensation, liability, property, and casualty claims. There are three self-insurance funds related to safety:

- The Workers' Compensation Insurance Fund accounts for monies collected from City departments and payment of claims to employees injured at work.
- The Liability Insurance Fund accounts for monies collected from City departments for the self-insurance program, including payment of property, casualty claims, and payment of accident insurance premiums.
- The Property Damage Insurance Fund accounts for monies collected for the self-insurance program to cover damage and loss of City-owned assets.

The Insurance Services Division of the Human Resources Department administers the City's Safety/Loss Control Program. Total claims of the three funds amounted to \$3.2 million over the past fiscal year. During 1999, the City had 312 employee injuries, 155 vehicle accidents, and 155 liability claims.

The Safety/Loss Control Officer oversees the safety program throughout the City and coordinates the safety oversight committee. In addition to the corporate safety officer, some employees are also assigned to coordinate safety activities within their departments. For example, Public Works' Water Pollution Control Facility (WPCF) has its own on-site safety officer.

**OBJECTIVES**

The primary objectives of this audit were to determine:

- Whether the City has adequate controls and preventive safety measures to minimize unnecessary injuries or losses; and
- Whether the City's safety program is effective to ensure compliance with safety rules and regulations.

**SCOPE AND METHODOLOGY**

Our audit was performed in accordance with generally accepted governmental auditing standards. The scope of the study of internal control was limited to assessing the general controls

surrounding the specific issues addressed. General audit procedures included:

- Reviewing the federal and state laws, and the City’s policies related to safety;
- Conducting a safety survey of city employees;
- Visiting City facilities for on-site safety observations and inspections;
- Interviewing operational management to discuss safety practices;
- Discussing and benchmarking safety programs with other entities;
- Attending Safety Oversight Committee meetings and reviewing meeting minutes;
- Reviewing accident/incident reports; and
- Analyzing financial and operational statistics related to safety.

## **FINDINGS AND RECOMMENDATIONS**

The City Auditor’s Office appreciates the courtesy and cooperation extended by staff and management involved in the City’s Safety/Loss Control program and participated in this audit. The following issues were identified during the audit. While other issues were identified and discussed with management, they were deemed less significant for reporting purposes.

### **1. WORKPLACE INJURY**

**Criteria:**

A proactive safety program should include setting goals to minimize workplace injury and financial loss, monitoring the organization’s accident/injury statistics, and benchmarking its safety performance with other entities.

**Condition:**

- Over the past three years, the City of Las Vegas paid an average of \$2.36 million for 300 workers’ compensation claims annually, an average of \$7,866 per claim.
- The U.S. Bureau of Labor Statistics conducts an annual survey and publishes a statistical analysis summarizing injury rates by Standard Industrial Classification (SIC) code. The average injury rate for local government in Nevada was 8.9 injuries per 100 full-time employees.
- In 1999, the City had 13.26 injuries per 100 full-time employees.
- According to Clark County and Nevada Power Company, their injury rates for 1999 were 11.16 and 4.2, respectively.
- The City has not set specific goals and developed a plan of action to reduce injury rates.

**Effect:**

The City's injury rate is 48% higher than the average rate for local governments in Nevada. If the City's rate was reduced from 13.26 to the local government average of 8.9, the City could save approximately \$765,000 annually.

**Cause:**

The City of Las Vegas has not conducted a formal benchmarking study of its injury rates and has not developed goals to reduce its injury rates.

**Recommendations:**

1. The City Manager's Office should establish goals and instruct each department to develop action plans to reduce the City's injury rates.
2. The Safety/Loss Control Officer should prepare an annual benchmarking study to compare the City's injury rates with other entities.
3. The City should consider establishing a website for City employees and the public to report unsafe working conditions in the City.

**Management Response:**

Management comments are included in "Attachment 1"

## 2. VEHICLE ACCIDENTS

**Criteria:**

Employees should operate vehicles safely to minimize injuries, property damage, and third party liability.

**Condition:**

- Approximately 17% (155 of 908) of the City vehicles were involved in an accident in 1999.
- We contacted Clark County and were informed that only 4.2% (103 of 2,438) of its vehicles were involved in accidents in 1999.
- Vehicle Services Division implemented a policy requiring the user departments absorb the vehicle damage costs in case of preventable accidents.
- Employees who operate a city vehicle are required to attend a defensive driving class annually. However, some employees were allowed to operate city vehicles without attending the initial driving training class or the annual refresher.
- We observed 56 city vehicles and found 66% (37) of the drivers were not wearing seat belts while driving.

**Effect:**

Since 1994, the City incurred an average of \$234,932 annually for vehicle accidents, an average of \$1,566 per accident.

**Cause:**

- The City has not established goals to reduce the number of vehicle accidents.
- Department directors and division managers are not actively promoting vehicle safety since they are not specifically held accountable for the safety records of their operations.

**Recommendations:**

1. The City should establish long-term and short-term goals to reduce vehicle accidents.
2. Operational management should be held accountable to ensure they develop and implement an effective action plan to reduce vehicle accidents.
3. Management should strictly enforce the policy of requiring an employee to attend the defensive driving class before operating a city vehicle.
4. All city vehicles should have signs inside reminding the driver of the City's policy of defensive driving training and seat belt safety.
5. The defensive driving course should be evaluated to determine its effectiveness.

**Management Response:**

Management comments are included in "Attachment 1"

### **3. SELF-INSURANCE FUNDS**

**Criteria:**

A sufficient reserve amount should be determined and set aside for each self-insurance fund to meet its current and future obligations.

**Condition:**

- The City has three safety related self-insurance funds: workers' compensation, liability, and property damage.
- The workers' compensation insurance fund had a balance of approximately \$9.6 million as of June 30, 2000. The Insurance Services staff estimates the liability for each employee's claim on a case-by-case basis. The average annual claims over the past three years were approximately \$2.36 million. It is estimated that the fund would provide for about 4 years of coverage.
- The liability insurance fund had a fund balance of \$5.5 million as of June 30, 2000. In 1985, the City Council decided to be entirely self-insured against liability losses and terminated its insurance policy for liability. The required reserve for the liability insurance fund was raised from \$2 million to \$5 million.

- The property damage insurance fund was established by a City Council resolution in 1993. According to the resolution, the City shall make an annual contribution of \$250,000 to the fund until the fund balance reaches \$2 million. However, due to higher than expected levels of claims, the fund balance had declined since 1998 to its current level of \$1.55 million.
- No actuarial study has been conducted to determine the reserve amounts for each of the self-insurance funds.

**Effect:**

- The City might not have sufficient reserves for its self-insurance funds to meet future obligations.
- Conversely, unnecessary reserves could be accumulating through the surplus funds.

**Cause:**

- The City has not established a policy to require periodic actuarial study be performed for its self-insurance funds.

**Recommendation:**

The City should require actuarial studies be done for its self-insurance funds at least on a bi-annual basis.

**Management Response:**

Management comments are included in “Attachment 1”

#### **4. SAFETY AWARENESS**

**Criteria:**

Management should actively promote safety awareness, as well as communicate and address safety issues with all employees.

**Condition:**

- In many work areas we visited during the audit, there was a lack of safety promotion/warning posters displayed.
- Employees expressed concerns that senior management seldom, if ever, visited their workplace to promote the importance of safety.
- Many departments did not adhere to the City’s policy of organizing periodic safety meetings for their employees.
- A majority of the 241 employees who responded to our safety survey indicated that they did not attend regular safety meetings.

- Survey respondents also provided us with more than one hundred specific workplace safety concerns.
- The Safety/Loss Control Officer organized monthly safety oversight committee meetings attended by representatives from various departments.
- Several departments have implemented various forms of safety meetings. For example:
  - The Safety Officer at the WPCF organized daily safety meetings attended by all the supervisory staff, divisional manager, and the general contractor responsible for the on-site construction project.
  - The Detention management met monthly to review safety issues prepared by a staff assigned to coordinate safety activities at the detention centers.
  - Fire and Rescue management held safety committee meetings with union representatives monthly to address safety issues.
  - The Street Division Manager had recently established a safety committee for the division and required all divisional employees to attend bi-monthly safety meetings.
- Our discussion with operational management indicated the other departments/divisions do not organize safety meetings for their employees.
- Employees expressed concerns that safety issues were not being adequately addressed.

**Effect:**

If Safety hazards are not being addressed in a timely manner to prevent workplace injury and accidents, the City will have to cope with increased downtime and financial loss.

**Cause:**

- Management has not taken a proactive approach to promote safety in the workplace.
- Safety is not taken seriously.
- Some management felt that promoting safety would impact productivity of their operations.

**Recommendations:**

1. Senior management should periodically visit work areas to promote workplace safety.
2. The Safety/Loss Control Officer should supply safety posters to the department/division heads.
3. Management should display safety posters in the appropriate work areas to promote safety awareness.
4. The City should establish a policy that requires each department/division to hold a safety meeting for all its employees at least annually.

5. The Safety/Loss Control Officer should assist operational management to organize effective and productive safety meetings.
6. Employees' attendance at each safety meeting should be taken and forwarded to the Safety/Loss Control Officer for review to ensure all employees attend at least one safety meeting annually.
7. Management and supervisory staff should be held accountable to the safety efforts and records of their operations by incorporating the safety goals in their annual performance evaluation.

**Management Response:**

Management comments are included in "Attachment 1"

**5. INVESTIGATION OF EMPLOYEE INJURIES**

**Criteria:**

Employee injuries should be investigated to ensure the root causes are identified and appropriate actions are taken to prevent recurrence of similar incidents.

**Condition:**

- If a City employee is injured on the job, the employee and the employee's supervisor are required to complete various prescribed workers' compensation forms to file a claim.
- In an attempt to reduce the employee injury rates, the Department of Detention and Enforcement recently implemented a new procedure. In addition to the workers' compensation forms, the supervisory staff is required to conduct an in-depth investigation to determine whether an accident or injury is preventable. The investigation report also includes recommendations for corrective actions and disciplinary actions, if necessary.
- Our review of the files of a sample of accidents occurred in 2000 indicated that there was a lack of formal investigation documentation, with the exception of Detention and Enforcement.
- Many supervisory did not provide sufficient details in the *Employer's Report of Industrial Injury (Form C3)* to show that a proper investigation has been conducted.

**Effect:**

If proper investigations are not conducted, the root causes of workplace injuries are not always identified and corrective actions are not taken to prevent recurrence of similar accidents.

**Cause:**

The City of Las Vegas only instructs employees to fill out forms required for workers' compensation in case of workplace injury. Formal written investigations are not required.

**Recommendations:**

1. The City should create and use an incident investigation form for employee injuries.
2. All reported accidents should be investigated to ensure the root causes are identified and corrective actions are taken.
3. Each incident should be classified as preventable or non-preventable.
4. A written investigation must be submitted to Insurance Services along with a properly completed Form C3 within one week after the accident.

**Management Response:**

Management comments are included in “Attachment 1”

**6. ENFORCEMENT OF SAFETY RULES**

**Criteria:**

As an effective component of a safety program, safety rules need to be consistently enforced.

**Condition:**

- The City does not require the use of a safety facility inspection checklist or an inspection form.
- While some operations (e.g. Detention Center, WPCF) have established regular safety inspections of their facilities, other departments do not conduct formal safety inspections.
- We conducted field observations and noted safety rules were not followed in the following situations:
  - Portable fire extinguishers were not periodically serviced or inspected, not properly secured, and parts missing.
  - Workers used power tools or handled hazardous materials without wearing personal protective equipment.
  - Contractors worked on City property without following proper safety measures.
  - Near-miss conditions were not reported and corrected in a timely manner.
- Disciplinary actions were inconsistently applied to employees who did not perform their jobs safely. We reviewed a sample of 47 preventable accidents and found that no disciplinary action was taken in 20 instances. For the remaining 27 cases, although disciplinary actions were taken, most of them were verbal warnings or counseling. Multiple safety offenders were not progressively disciplined.

**Effect:**

- Without inspection records, there is no assurance that safety inspections have been performed as required.

- Without regular safety inspections, safety hazards at the workplace are not removed in a timely manner increasing risks to employees and the public.
- If management does not seriously and consistently hold the employees accountable to their unsafe practices, the City's injury rates and financial loss will not decrease.

**Cause:**

- A formal process does not exist to ensure safety inspections are conducted on a periodic basis.
- Supervisory staff have not been provided with sufficient training and information to ensure disciplinary actions are fairly and consistently applied to those employees who violated the City's safety policy and procedures.

**Recommendations:**

1. The Safety/Loss Control Officer should provide periodic safety inspection training for all supervisory staff.
2. The City should create a checklist for the supervisory staff to track and record the results of their safety inspections.
3. The Safety/Loss Control Officer should conduct periodic site visits and audit the safety inspection records maintained by the departments.
4. The Human Resources Department should develop specific guidelines for disciplinary actions related to employee safety violation and train the supervisors to apply them.
5. The incident investigation forms for both vehicle accidents and employee injuries should include a brief history of the employee's safety record to ensure appropriate disciplinary actions are given to the employee.

**Management Response:**

Management comments are included in "Attachment 1"

**7. SAFETY POLICIES AND PROCEDURES**

**Criteria:**

Safety policies and procedures need to be periodically updated to ensure they are current, relevant, and in compliance with the respective rules and regulations.

**Condition:**

- The City's Safety manual was approved and adopted by the City Council on July 17, 1991. Since then, the manual was revised several times, most recently in March 1999.
- There is no evidence the revised safety manual was formally approved by either the City Council or the City Manager.

- The safety manual contains general safety rules and 23 specific safety policies.
- Our review indicates at least nine policies in the manual need to be updated or correctly referenced to ensure compliance with OSHA's latest standards.

**Effect:**

Without an up-to-date safety manual, City employees are not made aware of the latest safety standards stipulated by the Occupational Safety and Health Administration.

**Cause:**

The Insurance Services Division has not updated all safety policies and procedures in the safety manual.

**Recommendation:**

The Insurance Services Division should review the City's safety policies and procedures no less than annually to ensure they are up-to-date and in compliance with the current safety rules and regulations.

**Management Response:**

Management comments are included in "Attachment 1"

## 8. EMERGENCY ACTION PLAN

**Criteria:**

According to OSHA 1910.38, all employers with 10 or more employees shall maintain and review with each employee its written emergency action plan to ensure employee safety.

**Condition:**

- The City's safety manual stipulates that departments located in City Hall will make accessible to all employees a copy of "*City Hall Fire Drill and Evacuation Plan.*" In addition, each department will develop a similar plan for all facilities and work areas other than City Hall.
- The Safety/Loss Control Officer prepared three emergency operation plans. The City Hall plan and the Human Resources plan were created in 1995. The Development Service Center plan was completed in October 2000. These plans include evacuation routes for each floor of the buildings. They also cover emergency procedures in case of fire, bomb threats, hostage situations, civil unrest, and hazardous material spills.
- Besides these three plans, the City's Detention Center and the WPCF also created their emergency action plans.
- However, other civic buildings and facilities have not developed the required emergency action plans specific to their locations.

- Fire drills were not conducted annually. The last City Hall fire drill was conducted in May 1998.

**Effect:**

- Potential violations of OSHA safety standards by the City.
- Increased risks to City employees working in areas without an emergency action plan.

**Cause:**

Department heads are not held accountable to ensure emergency action plans are developed for all facilities under their supervision.

**Recommendations:**

- The Safety/Loss Control Officer, in consultation with operational management, Fire, and Facility Management, should prepare and maintain emergency action plans for all City facilities.
- The Safety/Loss Control Officer should inform the City Manager the status of emergency action plans for all facilities.
- Fire drills should be conducted at least annually.

**Management Response:**

Management comments are included in “Attachment 1”

## 9. FIRE EXTINGUISHERS

**Criteria:**

- According to OSHA 1910.157, employees who have been designated to use firefighting equipment as part of an emergency action plan shall be provided with the required training. In addition, portable fire extinguishers are subjected to an annual maintenance check and monthly visual inspection.
- According to the City’s Safety/Loss Control Manual, supervisors are responsible for the monthly inspection of fire extinguishers to assure they are in a conspicuous location and accessible; seals and tags are intact; the extinguisher is properly stored; and that a thorough inspection has been performed within one year. In addition, the safety manual stipulates that all fire wardens will be trained in the use of fire extinguishers.

**Condition:**

- The City’s fire wardens are not trained in the use of fire extinguishers.
- During our site visits to various city buildings, we found the following deficiencies related to portable fire extinguishers:
  - Several portable fire extinguishers had not been serviced for more than one year;

- Tags on almost all portable fire extinguishers did not indicate the extinguishers had been inspected monthly;
- Portable fire extinguishers located in areas with public access were not always adequately secured to prevent them from being stolen;
- Hoses attached to some of the portable fire extinguishers were missing;
- One fire extinguisher at the West Yard fuel pump was noted missing for more than one month without being replaced;
- Signs indicating the locations of the fire extinguishers, especially those installed at the “blind spots” either did not exist or were not properly posted.

**Effect:**

- Fire protection to the City’s employees, properties, and the public is weakened and may result in financial loss and injuries.
- The City may not be in compliance with OSHA rules and regulations.

**Cause:**

- The Deputy Fire Marshal responsible for training the wardens had concerns regarding the risks of improper use of portable fire extinguishers.
- Periodic safety inspections are not being conducted.

**Recommendations:**

1. The City Manager should evaluate the risks of not training the fire wardens in the use of portable fire extinguishers.
2. The Safety/Loss Control Officer should remind all supervisory staff of their responsibility to perform monthly inspections of portable fire extinguishers located in their workplace.
3. All monthly inspections should be noted on the tags attached to the fire extinguishers.
4. The Safety/Loss Control Officer should periodically check all city buildings to ensure portable fire extinguishers have been inspected monthly and serviced annually.

**Management Response:**

Management comments are included in “Attachment 1”

Prepared by:  
Philip Cheng, CIA  
Senior Internal Auditor

Audit of Safety/Loss Control  
CAO 501-0001-06

Approved by:

Radford Snelding, CPA, CIA, CFE  
City Auditor

CC: Mayor  
City Council  
City Manager's Office  
Audit Committee  
City Clerk's Office

# Memorandum City of Las Vegas Department of Human Resources

To: Radford Snelding, City Auditor  
From: F. Claudette Enus, Director, Human Resources  
Date: March 30, 2001  
Re: Audit of Safety/Loss Control

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The Insurance Services staff and I have reviewed the draft report of the recent Safety/Loss Control audit. We appreciate the time and attention to detail that was obviously expended by Mr. Chang. The safety of our employees must be a paramount concern to not only the Human Resources Department, but to all City personnel, and we welcome the opportunity this audit presents to address any existing areas of concern and improve the overall health and well-being of our employees.

We would like to note that to address concerns identified both in this audit, and by Human Resources personnel, it is our goal to develop a new comprehensive, citywide safety initiative, including new injury prevention programs; policies and procedures; and training and communication strategies. Support from the Mayor, and City Management will be sought, as their endorsement is deemed essential for success of the program. Our goal is to have such a program ready for implementation on September 1, 2001.

Our comments on the audit are as follows:

## 1. WORKPLACE INJURY

### Condition

Comparison to other similar municipal entities is an appropriate benchmarking tool to measure the effectiveness of a municipal loss control program. The local municipalities often work together to address common problems. However, while Clark County employees perform similar functions to those of City employees, we do not believe Nevada Power to be a comparable entity. They have no firefighters, no corrections officers, and no marshals. In addition, Nevada Power is not a government entity. It is a private, for profit, corporation.

We believe more accurate comparisons can be made with the City of Henderson, City of North Las Vegas, and the Metropolitan Police Department, as well as Clark County. Each city and county has a mix of police officers, administrative personnel, maintenance workers, construction workers, and large forces of employees driving government vehicles, as well as a firefighting staff. Metro has a large administrative, clerical and maintenance staff, in addition to police officers and

corrections personnel. We therefore obtained their OSHA 200 logs for the year 2000. The results are as follows:

Government Entity	No. of Recordable Accidents	Injuries Per FTE
Clark County	461	9.4
City of N. Las Vegas	95	10.5*
City of Las Vegas	297	12.9
City of Henderson	199	13.3
Metropolitan Police	489	16.8

The City’s injury rate of 12.9 for the year 2000 was, therefore, lower than the average for comparable local government entities. (\* Unlike the other municipalities, North Las Vegas only reports those injuries which result in restricted duty or days away from work. This makes their number artificially low in comparison to the other entities. It is impossible to speculate on how much larger their Injuries per FTE would be if they followed the same procedure as the other entities, but it is safe to assume that the majority of their injuries would not involve restricted duty or time away from work. )

In addition, a search of the OSHA website provided us with a composite injury rate for Nevada local governments for 1998 (the last year reported by OSHA). The composite rate was 9.1, while the City’s rate for that year was 11.7.

Effect

In a comparison using several local government entities, the City is at, or below, average injuries per full time employees for Calendar year 2000. When compared to local entities, statewide for 1998, the City was 22% higher than the composite, but well-short of the 48% figure arrived at by using just Clark County and Nevada Power figures alone.

Lower injury rates would reduce the cost of the workers’ compensation program. However, a reduction of \$765,000, or 50% of the annual expenditure for non-heart/lung claims, is not feasible. The City’s average annual expenditure for workers’ compensation includes approximately \$650,000 per year for the payment of permanent total disability claims to retirees under the heart/lung statutes. These claims are not the result of an accident. (Any firefighter or police officer with five years service in Nevada, suffering heart or lung disease, regardless of its origins, is legally entitled to permanent total disability benefits.) State statutes mandate provision of these benefits for the life of the retiree. Payments are a fixed amount, set by statute, and would still be payable, even if the City ceased operations. An additional \$100,000 (approx.) annually is attributable to payments made to retirees, eligible under these same statutes, for one-time permanent partial disability awards. Again, these payments are required by statute, and are not the result of an accident. Payments under these statutes cannot be effected by any safety or loss control initiative. Payments which are the result of a specific workers’ compensation injury or exposure, and therefore can be effected by loss control programs, average approximately \$1,500,000 - \$1,750,000 per year. To achieve a reduction of \$765,000, using just “average” cost,

therefore, the number of workers' compensation accidents would have to be reduced by 142 accidents, or 44%.

However, a review of claims over the last 12 months reveals that the average cost of a lost time accident is six times that of a medical-only claim. While lost time accidents account for 25% of the overall accidents, their costs represent 60% of the total City expenditures. The longer an employee is on lost time, the higher both the lost time and medical expenditures.

### Response to Recommendations

1. A discussion with Nevada OSHA representatives confirmed that OSHA discourages setting goals for numbers of accidents. It is their opinion that such goal-setting may discourage appropriate reporting from injured employees. However, neither OSHA, nor Nevada statutes prohibit employers from actively seeking a reduction in lost time injuries. Therefore, Insurance Services proposes that goals be set to reduce the number and duration of lost time accidents. Information on lost time accidents over the last two years will be provided to each department. The Insurance Services Division will work with each department to develop an action plan to eliminate or reduce all lost time accidents, through the use of alternative duty, and positive departmental monitoring.

In conjunction with Insurance Services, each department has already developed a structured return to work program, with sample modified duty positions and tasks. The departments will be encouraged to utilize those alternative job descriptions for an employee unable to perform his or her normal work activities. If the department is unable to utilize the employee, Insurance Services will endeavor to place the employee in an alternate department. This forces the department to bear the burden of the employee's salary without receiving the benefit of his work activities, and often serves as an incentive for the department to identify available modified duty.

Our goal is to accomplish this activity by June 30, 2001.

It should be noted that the current cost allocation system has no financial incentive to the department for returning an injured employee to work. In fact, quite the opposite is true. Once an employee is on lost time, the bulk of his salary is paid for by Workers' Compensation. As part of the planned new safety program, a recommendation will be made to change the allocation system so that individual departments have a greater financial stake in returning the employee to his position.

2. As reported earlier, the Insurance Services Department agrees that benchmarking with other government agencies is an effective management tool. To date, it has been difficult to do so, as entities have different reporting mechanisms and philosophies. It has been difficult to compare "apples to apples".

The Insurance Services Department has recently learned that the Public Risk Data Project (PRDP) is being expanded to include workers' compensation. Entities involved in the project will provide organizational data to the project so that like entities can be compared. Each

entity will be provided with the same injury codes, so that injuries may be tracked uniformly. The PRDP is working with various risk management software vendors to develop the enhancements necessary to undertake this project. Our software vendor, Pyramid, is one of the software vendors involved.

The PRDP representative indicated they anticipate start-up by mid-October. It will require updating our computer system, and we cannot, of course, begin until PRDP is ready, but our goal is to become part of the PRDP workers' compensation data study by year-end, 2001.

3. The Insurance Services Division agrees employees should be afforded every opportunity for reporting unsafe conditions. We have contacted the Information Technology Department to ask for their assistance in setting up a safety website on the Intranet. An estimated time for completion cannot be provided, as IT will schedule this project in accordance to their departmental priorities.

## 2. VEHICLE ACCIDENTS

### Condition

In response to the statement that only 103 (or 4.2%) of Clark County County's vehicles were involved in an accident in 1999, we obtained a copy of their annual Tort Claim Report, filed with the County Clerk. According to the information they filed, from July of 1999 to January of 2000, (a seven month period) they had 77 auto accidents that resulted in suits (tort claims) filed against them. These tort claims only represent auto accidents where the County driver was determined to be at fault, and the aggrieved party sued the County. By comparison, we reported 76 such claims in our Annual Tort Claim Report for the 12-month period of January 1999 through December 1999,

As fully half of all our reported auto accidents are the fault of a member of the public hitting our vehicle with theirs, it is logical to assume that the County suffers similar accident statistics. (These accidents would not result in tort claims, but would be included in the overall number of vehicle accidents.) Therefore, it can be assumed that in 1999, the County had at least twice the number of accidents as they had auto accident tort claims. Seventy-seven claims over 7 averages out to 11 auto accidents resulting in tort claims per month, or 132 for the year, and they probably had an equal number of non-preventable auto accidents, where they were hit by a member of the public. This could be extrapolated to arrive at an estimate of 264 vehicle accidents in 1999. We therefore believe the 4.2% number to be suspect, and that it should not be used for comparison purposes.

## Recommendations

Insurance Services agrees with each of the audit report recommendations.

1, 2, & 3:

While the average cost per vehicle accident is relatively low, any vehicle accident places the City at risk for suit under the tort claims statutes, and carries the risk of serious injury or loss of life of either a valued employee or an equally valued citizen. Accidents involving only City vehicles, with no bodily injury, still may result in increased maintenance and repair costs.

A vehicle safety initiative launched in 1998, called "The Road to Safety", was moderately successful. It involved an incentive program based on a number of factors such as hours driven, completion of defensive driving classes, and motor vehicle maintenance. The program resulted in a 40% reduction in the number of vehicle accidents deemed to be the fault of our employees. However, it required the participation and support of all departmental managers, and while some embraced the program, others were not prepared to dedicate the time needed for individual employee record-keeping. It was not continued.

Employees who are allowed by their supervisors to operate a City vehicle without attending initial or refresher driver training programs do so in direct violation of company policy. Insurance Services provides a monthly report to every department on the status of their driving employees. The departments are instructed to schedule their employees for such training, and they are reminded that employees who are not in current status must not be allowed to operate a City vehicle. a City vehicle backs up.

As indicated elsewhere in the audit report, in the case of preventable accidents, discipline is unevenly enforced. Employees involved in preventable accidents often see no negative consequences. In addition, the audit reported that an observation of 56 City vehicles showed 37 were operated by City employees without seatbelts. We find this totally unacceptable, and again, in direct violation of City policy. An employee using a City vehicle without a seatbelt should be immediately subject to discipline. However, that appears not to be the case.

Unfortunately, Insurance Services cannot mandate accountability or participation from any department or division. Therefore, we whole-heartedly support the establishment of short and long term vehicle accident and injury reduction goals, and believe that operational management must be held accountable for implementation of policies designed to achieve those goals, including those policies already established, but under-enforced. Aggressive educational goals and disciplinary guidelines will be included in the proposed comprehensive safety initiative previously discussed in this memo.

In the interim, Insurance Services will assist individual divisions to establish and implement effective action plans to reduce vehicle accidents. Meetings will be scheduled with each division, currently using fleet vehicles, to review their vehicle accident records and establish vehicle accident reduction plans. This activity will be accomplished by June 30,2000.

However, it should be noted that without management support, we will only be able to recommend activities, not enforce them.

4. This recommendation has been forwarded to Fleet Services, with a request that any vehicles which do not currently have a seatbelt reminder sticker, be immediately equipped with one.
5. The current defensive driving class is provided to all employees driving a City vehicle and is mandated on an annual basis, rather than the bi-annual class required by other municipalities. It is provided by the Personnel and Organizational Services Division, and is based on the National Safety Council Defensive Driving classes. The current class was instituted approximately 9 months ago in response to employee suggestions that the previous class, also based on the National Safety Council Defensive Driving classes, had become repetitive. Insurance Services has previewed classes from other vendors and we have not found a cost-effective alternative that provides substantially different material than that already provided in the current class. We will continue to look for effective alternatives. However, discussions have begun with Clark County regarding use of driving simulators. Clark County owns simulators, but thus far, has been unable to locate a site in which to place them, suitable for employee training. Their Risk Management Department has offered to enter into a partnership, wherein the City provides the site, and the County provides the simulators. Talks will be ongoing, and it is hoped a suitable site can be established by June, 2002.

## SELF-INSURANCE FUNDS

### Recommendation:

Insurance Services contacted Mark Vincent, Director of Finance, to discuss the current actuarial studies done on reserves, and request his opinion on the scope and timing of actuarial studies specific to the self-insured trust funds. We have received his response recommending such a study, and have begun investigating possible vendors. Depending on the length of time required to obtain a vendor and complete the contracting process, the study could be underway by June, 2001.

## SAFETY AWARENESS

### Recommendations:

Insurance Services agrees with each of the recommendations contained in the audit. However, we would suggest the recommendations need to be even more stringent.

We believe the City lacks a "safety culture", where activities aimed at heightening safety awareness are the norm, rather than the exception. While many of our supervisors and managers are extremely safety conscious; encourage safe practices; follow the policies and procedures; provide regular safety meetings, as well as impromptu "tailgate meetings" when necessary; and enforce the use of personnel protective equipment; many do not. We recommend that the City require every employee involved in non-administrative activities to attend at least a 30 minute

safety briefing monthly, and all administrative/clerical employees be required to receive no less than a monthly 5 minute safety briefing. Attendance should be mandatory, and the supervisors held accountable for their employees' attendance. Other organizations, both public and private, have successfully implemented such programs, without impeding productivity. Adults learn by hearing and doing. We must promote safety as an ongoing activity, rather than just the topic of an annual pep talk.

Again, Insurance Services has no enforcement authority for such a mandate. It must come from management. However, we have provided assistance and resources to those departments who have agreed to develop divisional safety committees, and are eager to provide similar services to all other departments. We are able to provide resources (posters, meeting topics, lesson plans, videos) for any division implementing a program of increased safety awareness.

To assist divisions who feel they are not adequately staffed to provide such training, the Insurance Services Division will implement a program of monthly training sessions on various safety-related topics, open to any employee, with the authorization of his/her supervisor. A schedule of classes will be developed by June 30, 2001.

## INVESTIGATION OF EMPLOYEE INJURIES

### Recommendations:

1. Safety policy requires that all supervisors perform an accident investigation. Insurance Services will provide accident investigation forms to all departments and request they begin using them immediately.
2. Every accident reported to the City is discussed at the monthly Safety Oversight Committee, and a cause established. If it is determined that a policy has not been followed, or there was a lack of usage of a personal protective device, a memo goes to the department, asking for clarification or indicating a violation of policy. Unsafe conditions are addressed immediately by the Safety/Loss Control Officer, with the appropriate department.
3. Vehicle accidents are currently evaluated by the Vehicle Safety Subcommittee of the Safety Oversight Committee, and classified as preventable or non-preventable. Discipline and further training are recommended, based on that evaluation. By definition, non-preventable vehicle accidents are primarily those in which the City vehicle is hit by another vehicle, and the other vehicle is determined to be at fault. An accident caused by the employee's failure to follow a safety rule or a traffic regulation would be a preventable accident on the part of the employee. An accident caused by equipment failure would be either the fault of the employee (if his responsibility is to maintain the equipment) or the "City".

Similarly, again, by definition, all Workers' Compensation claims (with the few exceptions of those injuries caused by a third party) are preventable – either by the employee or the City. (Statistics indicate approximately 80% - 90% of all industrial accidents are due to employee error.) Therefore, such a label becomes somewhat ineffective. In addition, workers'

compensation is, by statute, a no-fault system. Perceived retaliation for filing a claim can be the basis for administrative fines and possible discrimination suits.

Therefore, we suggest, rather than designating a workers' compensation claim preventable or non-preventable, a determination be made on the root cause, and corrective action (discipline, re-training, repair, remodeling, etc.) be mandated. Such action must be positive in nature, designed to prevent future occurrences, rather than punitive. This would still allow us to enforce disciplinary measures with employees who violate existing safety policies and procedures.

- 4. Nevada statutes require the submission of a C-3 within 6 days of the submission of a C-4 (or other notification that medical treatment has been sought). Insurance Services spends several hours a month attempting to obtain this documentation from the various departments. Again, we would ask that management hold department and division heads accountable for such submissions.

### ENFORCEMENT OF SAFETY RULES

#### Recommendations:

1 & 2.

The Safety/Loss Control Officer will provide a checklist for all supervisory staff and request immediate monthly safety inspections be conducted. Training will be provided to those individuals conducting the audit on the proper safety inspection techniques.

- 3. The Safety/Lost Control Officer will set up an inspection schedule, such that each facility is visually inspected annually.
- 4. Disciplinary guidelines already exist for violation of City policy. They should be uniformly enforced. Training on discipline is included in the Leadership Development class offered to City supervisors and managers. Additional training classes will be included as part of the new safety initiative proposal previously discussed in this memo.
- 5. Inclusion of the employee's safety record on an accident report may be a violation of the employee's privacy, as well as a violation of the disciplinary provisions of the contract. The Legal Department, as well as our Labor Relations staff have been asked to provide us with information.
- 6. Other: Purchasing and Contracting require submission of safety policies from each contractor providing services to the City, and are responsible for their compliance. In some cases, Purchasing has hired safety oversight services to ensure compliance with established safety rules.

Portable fire extinguishers are the responsibility of Facilities Operations. A contract has been established for the required monthly and annual service.

## SAFETY POLICES AND PROCEDURES

### Recommendations:

We agree with the audit recommendations.

The Safety Manual has been reviewed. The nine OSHA policies referenced have been changed in the manual to reflect the new OSHA numbering. It should be noted, the changes were not substantive in nature, reflecting primarily nomenclature. No substantive change in OSHA regulations occurred. However, the changes have been made in the Manual.

The Manual will be provided to the Mayor, with a request for his signature.

The Manual will be reviewed annually, and changes made, as necessary.

## EMERGENCY ACTION PLAN

### Recommendations:

1. In consultation with the Fire Services Department, the Insurance Services Division will provide all departments with a template and assist the various facilities in creating Emergency Action Plans. While it is the Fire Marshal's opinion that such plans are not legally required, particularly in buildings of only one story, we have agreed that all City facilities (particularly those which service the general public, such as the recreation centers), should be ready and able to evacuate safely, if it becomes necessary. Those plans will then be provided to the City Manager.
2. We agree with the audit recommendations regarding annual fire drills. However, frequency and location of fire drills are the responsibility of the Fire Marshal.

## FIRE EXTINGUISHERS

### Recommendations:

1. In response to the audit findings, and upon the advice of the Fire Marshal, the section requiring fire wardens be trained in the use of fire extinguishers has been deleted. In the case of a fire, the Fire Warden's responsibility is to ensure the safe evacuation of personnel within the building. Due to the inherent risk of injury from even a small fire, fire suppression will be the responsibility of Fire Services. Therefore, fire wardens will not be trained in the use of fire extinguishers. There are no OSHA requirements for training, if employees are not

required to use the equipment.

2. Facilities Maintenance has obtained a contract with an outside service to provide monthly and annual service and maintenance activities. Again, however, we do not encourage the use of fire extinguishers by employees. Their primary responsibility must be to see to their own safety and the safety of their coworkers, not fire suppression.

Again, we appreciate the opportunity to respond to the audit conducted by Mr. Chang, and my office and Vicki Robinson of Insurance Services are at your disposal to discuss our responses. Thank you.