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## Risk Management Practices for Local Governments in New York State

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**Policy Brief 2019:04**

By Michael Hattery, Celia Watt, and Dawn Footer\*

## Risk Management Practices for Local Governments in New York State

### Introduction

Safety concerns and the risk of potential losses touch all elements of a local government organization and its community service. Local government practices to improve the safety of employees and officials, safeguard the productive life of municipal assets, and reduce the cost of insurance have long been a concern of local elected officials and administrators (see for example, Obrien and Wilcox, 1981). Increasing judgments, limited local government reserves, and changes in the municipal insurance market place are all factors that suggest the continued need for better information about local government risk management practices.

A statewide survey of local chief elected officials provides a first effort to assess local government risk management practices in New York State. In the summer of 2019, the Public Management Program at the College at Brockport conducted a survey of New York State's chief elected officials (CEOs). The survey was sent to town supervisors, village and city mayors, and the chairs of county governing boards. More information about the survey and survey respondents are included in [2019 Survey of New York's Local Chief Elected Officials: The Details](#). This policy brief summarizes the survey's results regarding local government risk management practices.

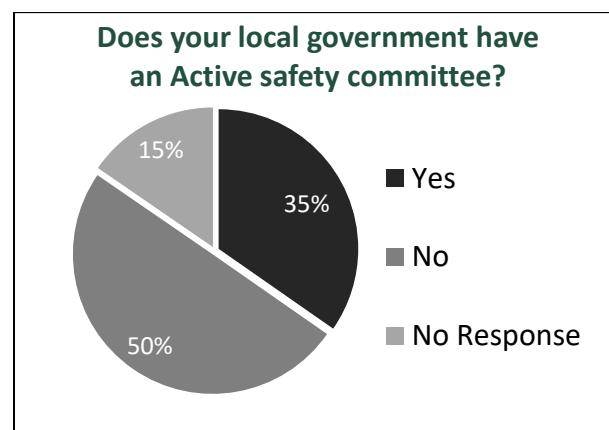
Safety and risk management relate to specific practices that vary by department, supervisor, and employee. However, sustained focus and evolving organizational threats require local governments to direct

administrative attention to ensure that the organization maintains continuity and adapts to its changing needs overtime. Enterprise Risk Management (ERM) has emerged as a natural evolution from the traditional risk management process. ERM seeks to break the silos and look at issues from an organizational standpoint (ICMA, 2015). The survey's risk management questions are about local government's central administrative practices. Those practices that help maintain focus on risk management and assessing changing risk management needs and priorities.

### Local Government Safety Committee

A local government safety committee can provide a central point of focus for the ongoing identification and management of municipal risk issues. As indicated in Figure 1 below, 35% of survey respondents indicated that their local government has an active safety committee.

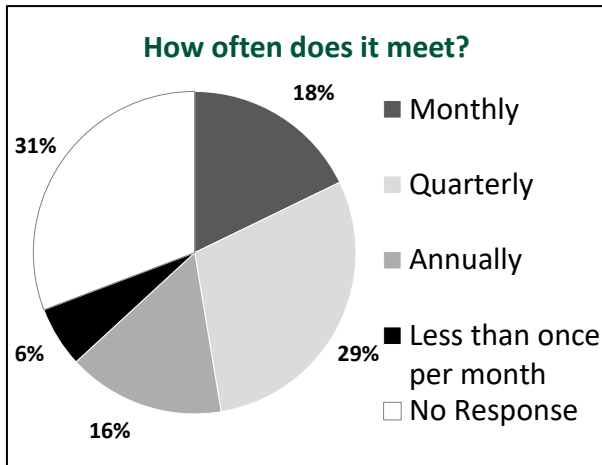
**Figure 1**



### How often does the safety committee meet?

To better describe potential productivity of the safety committee, survey respondents were asked to indicate the frequency of their meetings. For those communities with active safety committees there was significant variation in how frequently they met (See Figure 2). Almost half indicated they meet at least quarterly (47%) while 16% reported meeting annually.

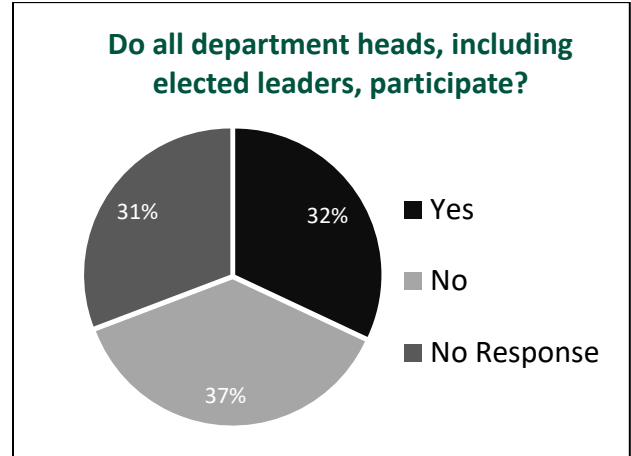
Figure 2



### Who participates?

Important players need to be at the table to ensure the effective oversight of the organization’s safety concerns and reduce exposure to risk. Managers who oversee day to day operations and elected officials who set local government policy are valuable participants on local safety committees. Survey respondents were asked if all department heads, including elected leaders, participate. Of those respondents with safety committees, 32% indicated that all department heads including elected leaders participate in safety committee meetings.

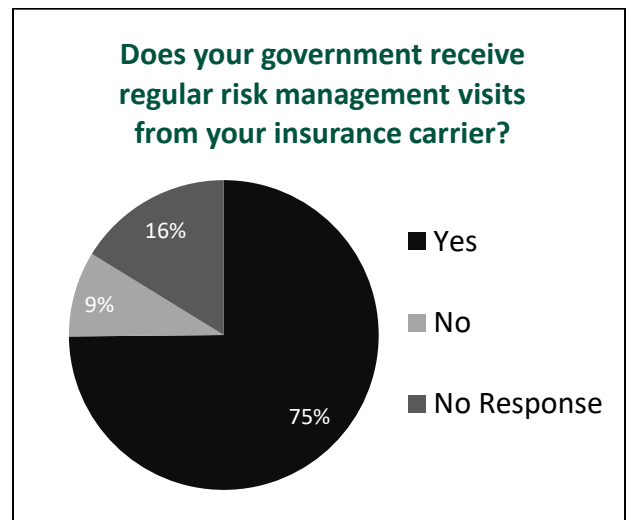
Figure 3



### Does your local government receive regular risk management visits from your insurance carriers?

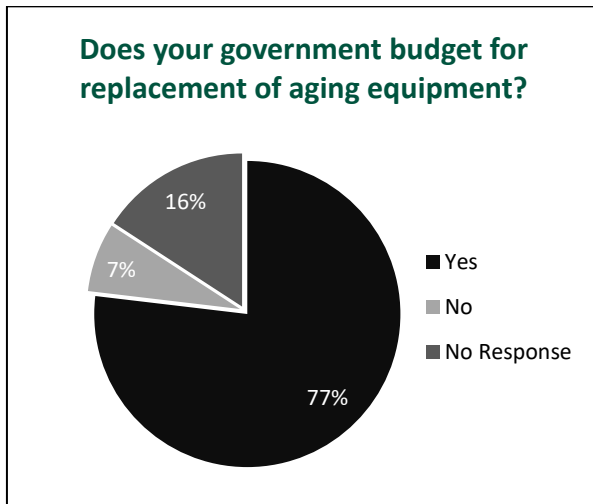
In addition to the active engagement of local officials, the involvement of risk management and safety professionals can provide insights regarding standard and emerging practices, as well as examples of how other comparable local governments address safety and risk management challenges. Active engagement with staff from insurance carriers is one practical avenue for getting such outside professional insight. Most survey respondents (75%) indicated that they benefitted from regular risk management visits from their insurance carrier (Figure 4). About two thirds of responding chief elected officials in the survey indicated that they participated in these regular visits.

Figure 4



An important practice with efficiency and safety implications is the timely replacement of equipment as it approaches the end of its productive life. Aging equipment can pose a serious safety risk for local governments and their employees. Many communities carefully track the age and condition of major pieces of equipment and maintain a multi-year replacement schedule. Among survey respondents, over three quarters (77%), budget for the replacement of aging equipment.

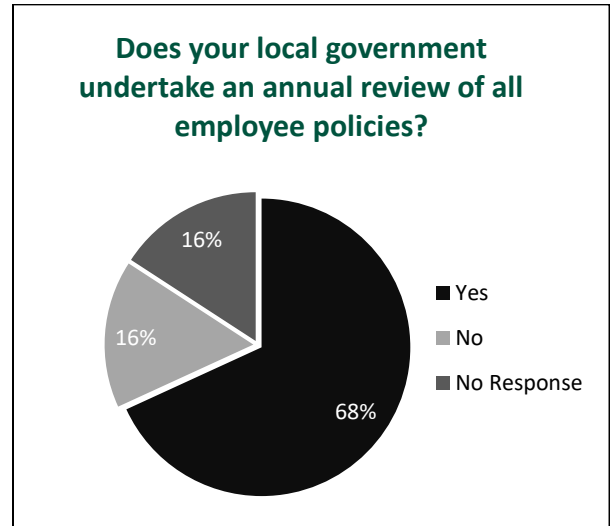
**Figure 5**



**Annual review of policies?**

Regular annual reviews of employee policies by both elected leaders and local administrators, ensuring that they are current and read by all employees, is another important safety management practice. This kind of review process provides the opportunity to identify needed or emerging threats and safety concerns. Over two-thirds of survey respondents (68%) indicated that they conducted such a review and that employees received and read these policies.

**Figure 6: Does your local government undertake an annual review of all employee policies (ethics, sexual harassment, workplace violence, etc.) to ensure they are current and received and read by all employees?**



**Summary**

- Just over a third of local governments’ CEOs in the survey reported that they have a safety committee.
- How often safety committees meet varies substantially from monthly, to quarterly, and annually.
- A majority of local governments have regular meeting with staff from their insurance carrier, budget for the replacement of aging equipment, and undertake annual reviews of all policies.

## References:

O'Brien, L. E. and Duane E. Wilcox. 1981. *Risk Management: An Introduction for New York State Local Officials*. Ithaca, NY: Cornell University Local Government Program.

ICMA. 2015. Implementing Enterprise Risk Management. Summary of a Leadership ICMA 2015 project. <https://icma.org/documents/leadership-icma-capstone-implementing-enterprise-risk-management>

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Association of Towns of the State of New York  
New York Conference of Mayors  
New York Municipal Insurance Reciprocal  
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