# RISK ASSESSMENT AND MANAGEMENT
2025 Report and Plan for 2026

## Executive Summary

Completing a thorough Risk Assessment and subsequent comprehensive Risk Management Plan demonstrates L.A.D.D., Inc.'s (LADD) commitment to reducing risk; increases the confidence of our stakeholders and positions the company for continued growth and success. LADD considers risk the chance of a harmful effect to people supported, personnel, stakeholders, business operations, reputation, facilities and property that has been brought on by exposure to an internal or external stressor or event.

### Assessment Criteria

**A. Identify Risk**

The first step in the process of assessment is to identify possible areas of risk. Risk is considered in terms of two broad categories; threat risks and failure risks. It is important to identify those who may be affected by the risk as well.

| Threat risks – risk that is related to legal, financial, fines and penalties. | Failure risks – risks due to incorrect action or failure to act. | People affected by risk |
|---|---|---|
| • Events that lead to litigation<br>• Government sanction<br>• Loss of contracts<br>• Property loss<br>• Business interruption<br>• Funding disruptions<br>• Facility damage<br>• Loss of accreditation | • Standards of Care<br>• Policies and Procedures<br>• Training<br>• Security to Facilities<br>• Security to Technology<br>• Reputation<br>• Risk Beyond Human Control | • People Supported<br>• Staff, Management, Administration<br>• Volunteers<br>• Contractors<br>• Families<br>• Guardians<br>• RHMAs, Contract Agencies<br>• Community Members |

**B. Assign Risk Level**

Risk is then categorized by rating the probability the risk will occur and the impact the risk may have on those affected.

***Probability**

| | |
|---|---|
| **Very Likely** | Risk is likely to occur frequently. |
| **Likely** | Risk is likely to occur but **not** frequently. |
| **Unlikely** | Risk is unlikely to occur. |
| **Highly Unlikely** | Risk so unlikely that it can be assumed that it will not happen. |

***Impact**

| | |
|---|---|
| **Life Threatening** | Risk may cause death or total loss of one or more bodily functions |
| **Detrimental** | Risk may cause severe injury, illness or permanent partial loss of one or more bodily functions, or serious property damage, loss of funding or severe negative impact on budgets. Permanent financial loss. |
| **Harmful** | Risk may cause individual to seek medical attention, miss work, moderate property damage, short term loss of funding or impact on budget that can be corrected. High financial loss. |
| **Negligible** | Risk may cause minor injury, illness or property damage, first aid treatment only or no injury, low financial loss. |

***Probability and Impact Combined**

| **Impact** | **Probability** | | | | |
|---|---|---|---|---|---|
| | | Very Likely | Likely | Unlikely | Highly Unlikely |
| | Life Threatening | **High** | **High** | **High** | **Medium** |
| | Detrimental | **High** | **High** | **Medium** | **Medium** |
| | Harmful | **High** | **Medium** | **Medium** | **Low** |
| | Negligible | **Medium** | **Medium** | **Low** | **Low** |

***Using Risk Priority- Action to correct may not be possible; some risk is part of the course of business.**

| **Risk Priority** | **Definitions of Priority** | **Suggested Time Frame** |
|---|---|---|
| **High** | Situation critical, act now. Must be fixed today, consider short-term and/or long-term actions. | **Now** |
| **Medium** | It is critical and must be resolved within the week; consider short-term and/or long-term actions. | **This Week** |
| **Low** | It is still important but can be addressed through scheduled maintenance or as part of routine operations. However, if the solution is quick, then make the correction immediately. | **1 - 3 Months** |

## C. Mitigate the Risk with Proactive Steps

LADD takes several steps to reduce risk. The Emergency Guidebook is used as a system to mitigate the worst possible risks from external forces through ongoing training and practice. The Emergency Guidebook is reviewed by all employees at the time of hire and as part of either Semi-Annual or Annual Training. Drills are conducted at each program location in accordance with the Emergency Guidebook drill schedule. Community Living Supports, provided in individual homes, complete a Safety Protocol for Emergencies at the time the Info Pack is completed with the family or individual. Staff are trained on the Safety Protocol, and it is accessible within Therap. Staff are also provided with an Emergency Preparedness booklet to keep with them during community service delivery.

The following **POLICIES, PROCEDURES AND SYSTEMS** are in place to ensure staff and people supported are protected from undue risk that may result in harm.

- Environmental and Safety Monitoring ongoing
- Annual review of Insurance, including Workers Compensation
- Emergency Guidebook with the Corporate Emergency Management Plan and Pandemic Response Plan
- Emergency Staffing List
- Contract review
- Emergency Procedure/Responsible Person List
- Emergency Management Committee
- Emergency Drills
- Compliance and Ethics Program, Compliance Officer, and Committee
- Review of policies and procedures to ensure they still meet standards, rules, and laws
- Quality Improvement Plan
- Reviewing Revenue and Expense Reports
- Reviewing Labor Distribution Reports

- Conducting Root Cause Analysis of critical incidents; implement policy changes and training when needed
- Conducting surveys of additional stakeholders on an annual basis
- Steering Committee reviews of any Risk Management areas, conducting Root Cause Analysis as necessary.
- Emergency Management Committee reviews areas of risk management
- Investigation of complaints
- Completion of Service Reviews
- Completion of Billing Verifications
- Certified CPR/FA and Mandt training initially and ongoing
- Online training at time of hire, semi-annually, and annually
- Monthly Management Training
- Monthly Family/Staff Meetings and Trainings
  - Review reported health and safety issues in the program so they can be addressed.
- Supervisor Trainings
- Quality Assurance Meeting w/ Stakeholders
- CARF Accreditation
- Staff Council meetings
- Conducting surveys of additional stakeholders on an annual basis
- Department Directors attend additional outside training to ensure compliance with rules and regulations
- MALA communications discussed at Steering
- Insurance company emails reviewed by HR Director and communicated to Steering
- IT Director attending seminars/workshops for cybersecurity awareness
- MDHHS mailings to department directors for discussion at Steering
- Member of the Michigan Chamber of Commerce that sends correspondence on federal and state recommendations
- Attendance of quarterly Provider meetings by Department Directors

Potential of **RISK EXPOSURE** categories at LADD

| **Risk Exposures** | **Risk Category Threat/Failure** | **Who is Affected** | **Probability** | **Impact** | **Risk Priority** |
|---|---|---|---|---|---|
| Pandemic | Failure/Threat | People Supported, Employees, Organization | Likely | Harmful | Medium |
| Alternative Housing | Failure | People Supported, Employees, Organization | Unlikely | Negligible | Low |
| Bomb Threat | Failure | People Supported, Employees, Organization | Highly Unlikely | Negligible | Low |
| Medical/Death of an Individual | Failure/Threat | People Supported, Employees, Organization | Likely | Life Threatening | High |
| Medical/Medication Errors | Failure/Threat | People Supported, Employees, Organization | Likely | Detrimental | High |
| Duty to Warn | Failure/Threat | People Supported, Employees, Organization | Very Unlikely | Negligible | Medium |
| Corporate Emergency Plan | Failure/Threat | People Supported, Employees, Organization, Community | Likely | Harmful | Medium |
| Emergency Generator Guidelines | Failure | People Supported, Employees, Organization | Unlikely | Negligible | Low |
| Natural Disaster-Tornado | Failure | People Supported, Employees, Organization, Community | Unlikely | Detrimental | Medium |

| | | | | | |
|---|---|---|---|---|---|
| Fire/Carbon Monoxide/Fire Alarm Failure and Reporting | Failure | People Supported, Employees, Organization | Unlikely | Negligible | Low |
| Natural Disaster-Flood | Failure | People Supported, Employees, Organization, Community | Unlikely | Detrimental | Medium |
| Natural Disaster-Severe Weather/Snow | Failure | People Supported, Employees, Organization | Likely | Harmful | Medium |
| National and Local Emergencies | Failure | People Supported, Employees, Organization, Community | Likely | Harmful | Medium |
| Bed Bug or other pest infestation | Threat | People Supported, Employees, Organization | Likely | Harmful | Medium |
| Utility Failure | Failure | People Supported, Employees, Organization | Likely | Negligible | Medium |
| Missing Person-ULOA | Failure/Threat | People Supported, Employees, Organization, Community | Likely | Life Threatening | High |
| Facility Shut Down | Failure | People Supported, Employees, Organization | Highly Unlikely | Negligible | Low |
| Identification of Unsafe Environmental Factors | Failure | People Supported, Employees, Organization, Community | Unlikely | Harmful | Medium |
| Violent or Threatening Situations | Failure/Threat | People Supported, Employees, Organization, Community | Unlikely | Harmful | Medium |
| Incidents of Abuse | Failure/Threat | People Supported, Employees, Organization | Unlikely | Detrimental | Medium |
| Incidents of Neglect | Failure/Threat | People Supported, Employees, Organization | Unlikely | Detrimental | Medium |
| Vehicle Emergencies including Accidents | Failure/Threat | People Supported, Employees, Organization | Likely | Detrimental | High |
| Community Emergencies | Failure/Threat | People Supported, Employees, Organization, Community | Likely | Detrimental | High |
| Contracts, Legal Relationships and Business Associates | Failure/Threat | People Supported, Employees, Organization | Highly Unlikely | Harmful | Low |
| Licensing and Accreditation | Failure/Threat | People Supported, Employees, Organization | Likely | Harmful | Medium |
| Injury to Employees | Failure/Threat | People Supported, Employees, Organization | Likely | Harmful | Medium |
| Misconduct by Directors | Failure/Threat | People Supported, Employees, Organization | Unlikely | Detrimental | Medium |
| Intentional Acts or Omissions | Threat | People Supported, Employees, Organization | Unlikely | Detrimental | Medium |
| Threatening Economic Conditions | Threat | People Supported, Employees, Organization | Highly Unlikely | Detrimental | Medium |
| Government and Regulatory Activities | Failure/Threat | People Supported, Employees, Organization | Likely | Detrimental | Medium |
| Financial Compensation or Use of Funds | Failure/Threat | People Supported, Employees, Organization | Likely | Detrimental | Medium |
| Unauthorized Use of Information (Breach) | Failure/Threat | People Supported, Employees, Organization | Unlikely | Harmful | Medium |
| Request for PHI | Failure/Threat | People Supported, Employees, Organization | Likely | Harmful | Medium |

| | | | | | |
|---|---|---|---|---|---|
| Cyber Security | Failure/Threat | People Supported, Employees, Organization | Unlikely | Harmful | Medium |
| Criminal Justice Involvement | Failure | People Supported, Employees, Organization | Unlikely | Harmful | Medium |
| Crisis and Behavior Management | Failure | People Supported, Employees, Organization | Likely | Harmful | Medium |
| Suicide | Failure/Threat | People Supported, Employees, Organization | Highly Unlikely | Life Threatening | Medium |
| Complaints, Harassment, Whistleblowers, Retaliation | Failure/Threat | People Supported, Employees, Organization | Likely | Negligible | Medium |
| Misuse of People Supported and/or Company funds and Property | Failure/Threat | People Supported, Employees, Organization | Likely | Harmful | Medium |

**Risk Priority - 6 Low Risk, 27 Medium Risk, and 5 High Risk**. Updated Pandemic to medium risk and Medication Error to high risk.

**Critical Incident Analysis**

A total of 57 root cause analyses were completed for critical incidents in 2025, compared with 54 in 2024. Steering reviews these based on the Regional Directors' submission of details as noted in the Steering minutes. The remainder of incidents labeled as critical by Area Supervisors are tracked in IR reports, reviewed quarterly by EMC, and then the Steering Committee reviews the EMC minutes for outliers.

| Trend | Number |
|---|---|
| Arrest | 1 |
| ER | 1 |
| ER- Ambulance | 1 |
| Hospitalization | 33 |
| Hospitalization via Ambulance | 11 |
| Hospitalization- psychiatric | 1 |
| Other | 1 |
| Other- 911, police, coroner | 1 |
| Other- APS | 2 |
| Other fire department | 1 |
| Other- police | 4 |
| **Total** | **57** |

| Cause | Number | Cause | Number |
|---|---|---|---|
| Acute Health Condition | 33 | Other- arrest | 1 |
| Chronic Health Condition | 6 | Other- fire at location | 1 |
| Erratic Behavior | 4 | Other- potential rape | 1 |
| Death | 3 | Other- Injuries, reason unknown | 1 |
| Elopement | 2 | Other- scheduled surgery | 2 |
| Other | 3 | **Total** | **57** |

| Department | Occurrences |
|---|---|
| 19 | 7 |
| 20 | 5 |
| 27 | 1 |
| 28 | 3 |
| 32 | 1 |
| 33 | 1 |
| 34 | 1 |
| 35 | 2 |
| 36 | 2 |
| 39 | 1 |
| 42 | 3 |
| 43 | 2 |
| 48 | 3 |
| 51 | 3 |
| 52 | 3 |
| 53 | 1 |
| 56 | 1 |
| 57 | 1 |
| 61 | 3 |
| 64 | 1 |
| 66 | 2 |
| 95 | 1 |
| 314 | 1 |
| 315 | 2 |
| 313 | 6 |
| Grand Total | 57 |

| Areas Needing Improvement | Number |
|---|---|
| Illness | 32 |
| Bodily Harm from Injury | 13 |
| Danger to self | 5 |
| Danger to self/others | 3 |
| Other | 1 |
| Other - Inappropriate sexual behavior | 1 |
| Other - Reported inappropriate sexual behavior | 1 |
| Possible bodily harm from Injury | 1 |
| **Total** | **57** |

| Actions taken to address improvements | Number |
|---|---|
| Additional staff training regarding the level of supervision. | 1 |
| Discussed with staff about transferring to another work location; essentially termed. | 1 |
| N/A or Deaths due to Natural Cause | 4 |
| Staff are reminded to complete incident reports on the day the injury occurs, before leaving the shift.<br>Suspected employee suspended pending investigation | 1 |
| Will not be returning to a LADD location; discharged from RW Services | 1 |
| Work with the Treatment Team to ensure a safe return home and that needs are met. | 48 |
| Work with the Treatment Team to further discuss placement options for safety. | 1 |
| **Total** | **57** |

| Additional areas addressed | Yes | No | N/A |
|---|---|---|---|
| Was the action implemented | 53 | 0 | 4 |
| Did the action taken accomplish the intended result | 53 | 0 | 4 |
| Training completed | 54 | 0 | 3 |
| Did the incident reoccur | 19 | 38 | 0 |
| Internal Reporting Requirements | 3 | 54 | 0 |
| External Reporting Requirements- ORR | 50 | 0 | 0 |
| External Reporting Requirements- ORR, APS | 1 | 0 | 0 |
| External Reporting Requirements- ORR, licensing | 1 | 0 | 0 |
| External Reporting Requirements- ORR, police | 2 | 0 | 0 |
| External Reporting Requirements- ORR, APS, police | 3 | 0 | 0 |
| Debriefing | 10 | 47 | 0 |

**2026 Risk Management Plan**

| Risk | Expectations | When monitored | Responsible Party |
|---|---|---|---|
| **Financial** | Budgets | Monthly | Executive Director & Director of Operations and Development<br>Board of Directors<br>Financial Audit |

| | | | |
|---|---|---|---|
| | Revenue and Expense Reports | Monthly | Executive Director & Director of Operations and Development |
| | Labor Distribution Reports (LDR's) | Bi-Weekly | Financial One, Inc.<br>Executive Director & Director of Operations and Development |
| | Insurance/Liability/Property Fire/Directors Officers/Worker's Comp. | Annually | Board of Directors<br>Steering Committee |
| | Additional Umbrella Insurance Policy to cover theft, funds, transfer fraud, and forgery. | Annually | Board of Directors<br>Steering Committee |
| | Chubb Crime Insurance Policy | Annually | Board of Directors<br>Steering Committee |
| | Open Items | Ongoing | Director of Business, Director of Operations and Development |
| | Accounts Payable and Invoices | Ongoing | Director of Business |
| **Compliance** | Auditing and Monitoring Program | Quarterly and annually | Compliance Officer |
| | Certified Compliance Officer, Privacy Officer, Security Officer, Compliance Committee, Compliance Liaison | Ongoing as needed | Compliance- Certification based on competency testing and ongoing CEUs |
| | Disaster Recovery, Cyber Security, Software Maintenance | Ongoing | IT Director |
| | CARF Accreditation | Ongoing | Steering Committee |
| | Contract Compliance | Annually and Ongoing | Executive Director<br>Director of Business<br>Director of Operations & Development |
| **Human Resources** | Criminal Records Checks, SAMS, OIG Checks, MDHHS Sanction Provider List Check | At Hire/ Annually | Human Resource |
| | State & National Sex Offender Registry, Central Registry (child) for Individual CLS | At Hire/ 3 Years | Human Resource |
| | FBI Check | At Hire beginning 4/1/2006 | Human Resource |
| | Reference Checks | At Hire | Human Resource |
| | Health Screening | At Hire/ Annually | Human Resource |
| | Drug Screen | as needed | Human Resource |
| | Driver's License Review | At Hire/ Annually | Human Resource |
| | Recipient Rights Training | Within 30 days/ Annually | Human Resource Management |
| | Mission, Vision, and Values Training | At Hire and Ongoing | Human Resource Management |
| | Health Insurance | Annually | Steering Committee |
| | PCP | At Hire / Annually | Human Resources |
| | CHAMPS | At Hire / every 3 years | Human Resources |
| | Staff Training | Annually / Semi Annually, Monthly Staff Meetings, Program Specific Trainings | QI Department |
| **Service Delivery** | Annual Quality Assurance Audits | Annually | Services |
| | RCA | Monthly | Steering Committee |
| | Monthly Service Reviews | Monthly | Supervisors/Directors |

| | | | |
|---|---|---|---|
| | Surveys | Annually and as needed | QI Department |
| | EOM Reports | Monthly | Manager |
| | Service Information Packet | Prior to beginning services | RD/QI Departments |
| | Data Collection of PCP | Daily/Weekly | PCTs/Manager |
| | Review of Strategic Plan, QI plan | Quarterly | Steering Committee |
| | Emergency Drills | Monthly | Managers |
| | Web Site, Social Media accounts (Facebook, Instagram, LinkedIn) | On-going | Steering Committee<br>Director of QI<br>IT Director |
| | Safety Monitoring | Monthly | PCTs/Management |
| **Public Perception** | Community Accessibility | Annually | Services |
| | Membership on Committees | On-going | Management<br>Steering Committee |
| | Corporate Giving | On-going | Director of Business<br>Executive Director |
| | Community Projects | On-going | Services |
| | Community Accessibility<br>Natural Supports | Annually | Services |

## Recommendations

1. Review the sections comprising 1) policies, procedures, and systems, 2) risk exposure categories, and 3) the 2026 Risk Management Plan.
2. Continue Root Cause Analysis and Critical Incident review at Steering.
3. Continue recruiting and keeping qualified staff.
4. Continue with monitoring medication errors on the QIP and on the Steering Committee Agenda.
5. Continue with monitoring employee medication errors on the QIP.
6. Continue with Emergency Guidebook review and training to ensure staff and Management are prepared in the event of covering the high-risk areas.
7. To address the increased risk of recoupments and detrimental outcomes of billing errors:
    a. Continue to monitor data for quality, early submissions, and missing documentation weekly/monthly by the entire Services Team, Billing Team, and Compliance.