CITY OF SAN ANTONIO

OFFICE OF THE CITY AUDITOR

Audit of Risk Management

Safety Programs

Project No. AU17-019

September 12, 2017

Kevin W. Barthold, CPA, CIA, CISA
City Auditor

Executive Summary

As part of our annual Audit Plan approved by City Council, we conducted an audit of the Risk Management Department's Safety Programs. The audit objective and conclusion follow:

Determine if the safety programs are effectively managed to ensure that the City's exposure to loss resulting from occupational injuries/illnesses, vehicle accidents, and third-party liability claims and property loss is mitigated or contained.

Overall, the safety programs are effectively managed. Risk Management has established policies and procedures to assist in promoting a safe working environment for employees and has enlisted the assistance of an insurance broker to ensure that the City is adequately insured for potential losses. Additionally, Risk Management is working to improve current processes to ensure that safety policies and procedures are effectively communicated and implemented citywide. However, internal controls do not exist or need improvement in the following administrative areas:

- Risk Management's safety coordinators do not have a standard process in place to ensure that all respective city managers and supervisors receive a copy of the City Safety Manual.

- Periodic audits are not conducted to ensure that employees have attended the required safety training outlined in the Risk Management's Safety Manual.

- Safety coordinators do not have a standard process in place to ensure that site inspections are conducted for all facilities owned/controlled by the City.

- Reviews are not taking place to ensure the data accuracy of the employee point system in place for preventable accidents.

- Reconciliations are not performed to ensure that subrogation payments processed by Finance and recorded in SAP are accurately reflected in Risk Management's Valley Oak Systems (VOS).

Senior management for the Office of Risk Management agreed with our recommendations and has developed positive action plans to address them. Risk Management's verbatim response is in Appendix E on page 13.

Table of Contents

Background

The Office of Risk Management's mission is to deliver a quality risk management program that focuses on the prevention of injuries, the protection of city assets, and the development and implementation of sound safety programs for all city employees and citizens. Risk Management monitors achievement of their department goals through review of established key performance indicators (KPIs). Refer to Appendix A for a listing of current KPIs.

The department's mission is achieved through management of various programs including their Safety Program, which is communicated to city employees by way of the department's City Safety Manual and related city administrative directives. Department Safety Coordinators work to ensure compliance with guidelines listed in the safety manual using several avenues including: 1) facilitating employee training in areas such as driver safety, job hazards, machinery safety and emergency procedures; 2) conducting facility site inspections[1]; and 3) reviewing occupational accident reports submitted by city department supervisors.

Risk Management also oversees the Workers' Compensation, Liability, and Commercial Insurance programs. The Liability Program handles subrogation activities and third party claims. The Commercial Insurance Program procures insurance to protect City assets and provides departments with recommendations to contractually transfer risk to vendors. Risk Management contracted with SOGO Wealth Management to provide risk management consulting. Refer to Appendix B for a listing of current insurance policies purchased by the City.

The City's Self-Insurance Fund (Fund 75) is also managed by Risk Management. Claims made against the City that pertain to general liability (i.e. automobile accidents, third party claims) and worker's compensation are paid from Fund 75. Department personnel utilize the Valley Oak Systems (VOS) to set up all claims, record notes, and track financial information pertaining to claims. If the city's property is damaged by third parties and legal liability for the damages are declared against that party, then the Claims Unit will pursue the recovery of damages.

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[1] Facility site inspections cover general housekeeping items that would pose a safety concern to employees, such as emergency equipment, slips/trips/falls, personal protection, fire protection, etc. City departments are responsible for more advanced inspections such as elevators and other contractual inspections.

Audit Scope and Methodology

The audit scope included reviews of Risk Management's safety manuals, operating procedures, department goals and performance metrics. Additionally, we reviewed the City's Procurement Policy and Procedures Manual. Our audit period was October 2015 through February 2017.

Our methodology consisted of conducting interviews and walkthroughs with key personnel to gain an understanding of internal controls in place. In addition, we sent questionnaires to department managers and supervisors asking about their receipt of the safety manual and training provided to their department by Risk Management. We also reviewed monthly facility site inspections and follow-up documents produced by Risk Management.

Testing criteria also included the Accident Review Board (ARB) process, the subrogation process, and the processes in place by Risk Management to transfer risks to third parties. Additionally, we benchmarked the most common insurance policies offered to municipalities by several insurance companies.

We relied on computer-processed data in the SAP and the Valley Oak Systems (VOS) to validate claims payments. Our reliance was based on performing direct tests on the data rather than evaluating the system's general and application controls. We do not believe that the absence of testing general and application controls had an effect on the results of our audit.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Audit Results and Recommendations

A. Noncompliance with Safety Policies

The Safety Division's monitoring controls need improvement to provide assurance that employees are complying with safety guidelines.

A1. Communication of Safety Policies and Procedures

Risk Management's safety coordinators do not have a standard process in place to ensure that all respective city managers and supervisors receive a copy of the City Safety Manual. Consequently, we noted the following discrepancies for a sample of 25 randomly selected managers:

- 15 of 25 (60%) managers stated that they did not receive a copy.

- Risk Management's log that serves as evidence of receipt of the manual was not signed by 20 of the 25 (80%) managers.

The City Safety Manual was created by Risk Management to provide city employees with a uniform set of safety guidelines to assist in the administration of the department's safety program. Per discussion with the safety supervisor, it is distributed by the department via a flash drive to all managers and supervisors. An acknowledgement form is to be signed by the managers and supervisors as evidence of receipt. All city employees are subject to the standards set forth in the manual, and failure to comply with the provisions may result in disciplinary action.

A2. Risk Management Facilitated Training

Periodic audits are not conducted to ensure that employees have attended the required division safety training.

The City Safety Manual outlines specific division training (training identified and facilitated by Risk Management) that is required to be attended by city employees on an annual basis. In addition, the manual states that Risk Management will conduct periodic audits of training records to ensure that training is being conducted on a regular basis. Refer to Appendix C for a listing of required training courses.

According to the safety supervisor, Risk Management provides on-site safety training courses to employees citywide and on-line training courses to employees classified as administrative. Employees are deemed as administrative if the employee has a city email address and has access to a computer on a daily basis. However, training that is facilitated on-line is not required to be completed by department directors and executive management.

Without verifying that employees are receiving the manual and have attended required safety training, there is a risk that the department is not effectively managing the City's exposure to losses resulting from occupational injuries and accidents.

Recommendations

The Risk Management Director should:

- Consider maintaining an inventory of all city managers and supervisors and require that the safety coordinators periodically review the list back to the acknowledgement forms received. For those employees that have not submitted an acknowledgment form, require that the safety coordinators contact them and make note of follow-up attempts.

- Conduct periodic audits as required by the City Safety Manual to ensure that employees are receiving mandatory training. On a quarterly basis, reconcile actual training attended per employee to the scheduled training outlined in the manual and in the annual training calendar. Additionally, update the City Safety Manual to specify personnel that are exempt from attending training identified as mandatory for "all" employees.

- Consider creating performance metrics as a measuring tool to ensure that employees have successfully completed their required training requirements. The information gathered from the audits mentioned previously could serve as support for completing the metric.

A3. Facility Site Inspections

Safety coordinators do not have a standard process in place to ensure that site inspections are conducted for all facilities owned/controlled by the City. The Safety Internal Process & Procedures Manual does not provide guidance on how city facilities will be chosen to be reviewed. Currently, the facility sites are arbitrarily determined by the safety coordinators. Additionally, the department does not have a monitoring process in place to ensure that safety coordinators conduct required follow-up site inspections due to violations.

We conducted reviews of all city departments for a 15 month period and noted the following:

- Safety coordinators had not conducted facility site inspections for 10 departments.

- Per the department criteria, 360 facility inspections should have been performed (12 inspectors X 2 per month X 15 months). Our review indicated that only 294 were performed.

- Of a sample of 25 inspections reviewed, we identified 8 inspections that were not followed-up on timely. We noted that 5 were not followed-up on within 14 business days and 3 had not been followed up on at all as illustrated in the following table:

Department & Location	# of Violations Identified	# of Days before Follow-up Inspection	Violation Descriptions
CSF - Instituto de Mexico	12	23	• Hallway to auditorium - water damaged on ceiling boards with possible mold growth • Fire extinguishers without inspection tags and obstructed/not mounted properly; emergency doors locked from inside • Dressing room ceiling stained with water/leaking substance, damaged light fixture • Several tripping and fire hazards in employee areas • Several storage violations
CSF - Alamodome	8	136	• Of 4 trash compactors, only 1 has a proper emergency stop button • Accessing unsecured trailers with forklifts on loading dock • Tripping hazards
CCDO - Houston Street Garage	6	15	• Entire facility - fire extinguishers do not have up-to-date inspection tags • 10th floor - exit sign low light/not illuminated • Tripping/falling hazards • Overloaded surge protector in break room
CCDO - Marina Garage	26	15	• Entire facility - fire extinguishers do not have up-to-date inspection tags • Sr. Horticulturist office - tripping hazards, flammables • Forklifts - no seatbelt, no current employee certifications
Parks - Collins Gardens	1	22	• Pavilion by playground has outlet that has a damaged cover on it
SWMD - SE Crew Quarters	3	No Follow-up	• Women's restroom seating is broken • Air-cooler's power cord should be plugged into the inside wall
SWMD - NW Fleet	2	No Follow-up	• 4 fire extinguishers were out-dated and need an annual maintenance check • Compressed gas tanks need to be secured at all times
SWMD - Nelson Crew Quarters	1	No Follow-up	• 13 fire extinguishers without proper tags/maintenance checks

Source: Inspection Observation and Findings Summary Interdepartmental Memos

- Risk Management is relying on city departments to provide them with a listing of city owned/controlled facilities, and they do not conduct a review to ensure that the list is all-inclusive.

The Safety Internal Process & Procedures Manual provides guidance on how to conduct a facility site inspection. Per discussion with the safety supervisors, each safety coordinator and supervisor is responsible for conducting two facility site inspections per month. The internal guidelines also state that an Inspection Observation and Findings Summary Interdepartmental (IOFSI) Memo will be used to communicate observations, findings, and recommendations to department directors. Additionally, safety coordinators are to follow up with the departments within 14 business days of the IOFSI Memo to ensure that corrective actions were taken or a plan of action has been proposed.

Without a standard process to ensure that all city facilities are inspected and violations are followed up on timely, the risk of injury to employees and civilians as well as potential property damage is increased.

Recommendations

The Risk Management Director should:

- Implement a standard process, such as performing an annual risk assessment on city owned/controlled facilities to determine which facilities pose a higher risk. Risk factors should include: severity of follow-up items per facility inspections, repeat violations, and facilities with high public access. Additionally, prioritize facility inspections according to the higher risk locations.

- Implement monitoring controls to ensure that facility site inspections with violations and corrective action plans are followed-up on in a timely manner.

- Provide oversight to city departments (i.e. documented guidance) to assist in assuring that all city properties are accounted for.

A4. Accident Review Board Process

Reviews are not taking place to ensure the data accuracy of the employee point system in place for preventable automobile accidents. Disciplinary points are to be assessed to employees when the Accident Review Board (ARB) deems a motor vehicle accident to be preventable. The points assessed by the ARB are recorded and tracked in SAP.

We conducted a reconciliation (for a 6 month period) between the points assessed for preventable accidents by the ARB and the corresponding points entered into SAP by the safety coordinators. We identified discrepancies with 20 of 124 (16%) accidents reviewed, as illustrated in the following table:

Department Name*	Total Points Assessed per ARB Report	Total Points Recorded in SAP	Difference Between the Two Sources
Parks & Recreation	2	1	1
Parks & Recreation	5	1	4
Transportation & Capital Improvements	1	0	1
Transportation & Capital Improvements	1	0	1
Transportation & Capital Improvements	1	0	1
Transportation & Capital Improvements	3	0	3
Development Services Department	3	2	1
Solid Waste Management	1	0	1
Solid Waste Management	1	0	1
Solid Waste Management	2	0	2
Solid Waste Management	2	1	1
Dept. for Culture and Creative Development	3	0	3
Aviation	2	0	2
Aviation	2	1	1
Aviation	1	0	1
Aviation	2	0	2
Aviation	1	0	1
Aviation	2	0	2
Aviation	2	0	2
Aviation	2	0	2

* Each occurrence represents 1 employee accident from the respective departments.

City AD 4.8 - Driver Safety Program states that ARBs are comprised of management and non-management employees dedicated to reviewing all city vehicle accidents and employee workplace injuries to determine preventability. If an ARB determines that an accident was preventable, then the employee is assessed points. The safety coordinators and supervisors serve as the ARB board chairs and enter the points accumulated by the employee into SAP. The respective department's director is then responsible for developing disciplinary action based on the total number of points accumulated by the city employee driver. The following table illustrates the point system and disciplinary actions:

Coaching and Discipline			
Points	Non Exempt Employees	Points	Exempt Employees
1-2 Pts	Driver Safety Refresher and Employee Discussion Worksheet	1-2 Pts	Driver Safety Refresher and Employee Discussion Worksheet
3-4 Pts	Written Reprimand	3-4 Pts	Written Reprimand
5-7 Pts	2-day Suspension	5-7 Pts	2nd Written Reprimand
8-9 Pts	One Week Suspension	8-9 Pts	One Week Suspension
10+ Pts	Termination	10+ Pts	Termination

Source: AD 4.8 Driver Safety Program

Inaccurate recording of ARB hearing results (i.e. points) between the ARB support and SAP could result in inappropriate employee disciplinary action.

Recommendations

The Risk Management Director should perform a reconciliation between the ARB results (i.e. points) listed on the ARB Agendas to the points recorded in SAP. The review should be conducted by someone independent of the ARB process, and discrepancies identified should be corrected promptly.

B. Lack of Subrogation Payment Reconciliations

Reconciliations are not performed to ensure that subrogation payments processed by Finance and recorded in SAP are accurately reflected in VOS. Additionally, per conversation with the claims manager, a review does not exist to ensure that claim management reports are accurate and complete.

Per the Liability Claims Administration Procedures Manual, when city property is damaged by third parties and legal liability for the damage may be asserted against that party, the Claims Division will pursue the recovery of damages. Subrogation payments are received and deposited by the Finance department. The Finance department notifies the Risk Management department, who then manually enters the payment amounts into VOS.

On a monthly basis, a claims payment report is generated out of VOS and is used to update the aging report that is maintained by the Claims Manager. Additionally, the report is the source for the KPI related to % of recoveries of city damages.

We reconciled a random sample of 25 subrogation payments recorded in SAP to VOS. Although no discrepancies were identified, there is a risk that potential errors between the two systems may exist due to data entry errors. Consequently, reports that rely on the claims recoverable information may be incorrect.

Recommendations

The Risk Management Director should:

- Implement a reconciliation process between the subrogation payments recorded in SAP and VOS to verify the accuracy and completeness of the payments recorded between the two systems. Documentation of the results of the reconciliation should be maintained to include explanation and/or resolution of differences identified.

- Validation of manually entered data for source documents, such as the aging report worksheet, should be reviewed and signed off on by someone other than the preparer.

Appendix A – Current Key Performance Indicators

Key Performance Indicators	Method of Calculation
Average Cost of a Non-Litigated Liability Claim	Average of Total Incurred for Closed Claims with payments in the Fiscal Year the claim closed.
Average Cost of a Paid Worker's Compensation Claim*	Average cost per claim of Total Incurred for Claims with payments. Claims paid are calculated on a monthly basis as well as on a year-to-date basis. Year-to-date ensures that a claim is not accounted for multiple times and takes the overall average from the total payments.
Average Number of Days to Close a Non-Litigated Liability Claim	The difference between the sum of the date the claim is closed to the date the claim was added to the claims system divided by the total number of claims closed. (Sum of Closed Date - Sum of Add Date)/Total number of Claims Closed.
Incident Rate and Lost Work Day Rate*	The formula used to measure Incident Rate is the number of claims in a given time period multiplied by 200,000 then divided by the number of actual hours worked in the same time period. (No. Recordable Claims*200,000)/No. Hours Worked. The formula used to measure the Lost Work Day Rate is the number of claims with at least one lost work day in a given time period, multiplied by 200,000 then divided by the number of hours worked in the same time period. (No. Claims with at least one Lost Work Day*200,000)/No. Hours Worked.
Modified Duty Placement*	Number of employees placed in a modified duty position within 2 business days of receipt of the DWC-73/Total number of employees eligible for a modified duty position.
Number of Facility Safety Inspections	(Number of inspections current fiscal year - Number of inspections previous fiscal year)/No. of inspections previous FY x 100.
Number of Preventable Vehicle Accidents	Number of preventable accidents reported by all City departments.
Number of Reported Vehicle Accidents	Number of accidents reported by all City departments. Uniform (Fire and Police) vehicle Accidents will be updated per quarter, one month after quarter ends. All others will be reported in the month Safety received the reports.
Number of Strains and Sprains/Ergonomics, Slips/Trips and Falls	Total number of injuries resulting from strains and sprains and total number of slips/trips and falls.
Percentage of Recoveries of City Damages	Amount recovered divided by total amount of damages.
Vehicle Accident Rate	Number of accidents multiplied by 1,000,000 then divided by the number of actual miles driven. (No. of accidents x 1,000,000)/Actual miles driven.
Worker's Compensation Claim Cost and Count*	The third party administrator will run the monthly report and Risk Management Division will run the weekly report of claims based on the date of incident to determine the number of workers' compensation claims that have occurred in a month. The division will run a report of payments made by processed date to determine the costs paid during a given month.

Source: Risk Management's Key Performance Indicators Packet
* KPI was not reviewed during the audit, since it was out of scope and/or tested in a prior audit.

Appendix B – Current City Insurance Policies

Policy Name	Description/Coverage
Aircraft Hull Liability	Protects against damage to assets and liabilities associated with operations of helicopter fleet.
Airport Owners and Operators Liability	Protection against third-party liability claims involving personal injury, property loss, and automobile accidents on airport grounds (i.e. San Antonio Airport and Stinson Field).
Crime Policy	Protection against employee dishonesty, theft, embezzlement, etc. Covers currency, securities and other investments handled and processed by City employees.
Fine Arts	Covers paintings, statues, manuscripts, and historical artifacts.
Foreign Package Policy	Includes general liability, automobile liability, personal property, accidental death and dismemberment, and employee benefits coverages for employees working or traveling on City business in foreign countries.
Inland Marine	Covers fire and police vehicles and associated special equipment.
Marine Hull and Protection & Indemnity	Includes general liability and hull damages to watercraft.
Medical Malpractice	Covers errors of omission associated with the operation of medical and dental clinics. Protects the City, doctors, dentists, and affiliated medical personnel from liability.
NFIP Flood	Flood insurance for three City properties located in designated flood zones.
Property Insurance	Covers buildings and content; boilers and machinery; and electrical and data processing equipment.
Public Official Bonds	Fiduciary protection for the City's chief financial officer and the director of finance.
Special Crime Policy	Protection against kidnapping, including ransom, with reimbursement for political repatriation, threat response, death and dismemberment, and child abduction.
Tenant/ User Liability Insurance	Includes general liability, fire damage, liquor liability, and third-party property damage for users/lessees of City facilities.

Source: Risk Management's Summary of Insurance Policies

Appendix C – Risk Management Training Courses Required for All Employees

Training Types	Frequency	Safety Topics
New Employee Orientation/ Basics Safety Training	Annually	• Emergency Action and Fire Prevention Plans • Fire Extinguishers • Globally Harmonized System • Ladder Safety • Personal Protective Equipment • Hazard Reporting • Accident Prevention Signs and Tags • Accident and Injury Reporting
Division Safety Training	Annually	• City Safety Manual • Job and Work Place Hazards • Emergency Procedures • Equipment Safe Operations • Employee Reporting Requirements • Office Safety • Driving Safety • Machinery Safety • Back Injury Prevention • Housekeeping • Lock Out/ Tag Out • Ergonomics • Emergency Evacuations • Fire Prevention Safety • Electrical Safety • Fall Protection • Confined Space • Bloodborne Pathogens • Respiratory Protection • Fire Prevention • Hearing Conservation • Toxic and Hazardous Substances • Contractor Safety Requirements
Defensive Driving	All Employees Who Drive City Vehicles or Personal Vehicles On City Business/ 30 Days of Initial Hire & Every 3 Years	• Defensive Driving Course

Source: Risk Management Safety Manual

Appendix D – Staff Acknowledgement

Sandra Paiz, CFE, Audit Manager
Christopher Moreno, CFE, Auditor in Charge
Sheryl Wardashki, CPA, Auditor
Patricia Perez, Auditor

Appendix E – Management Response

CITY OF SAN ANTONIO

P.O. Box 839966
SAN ANTONIO TEXAS 78283-3966

August 28, 2017

Kevin W. Barthold, CPA, CIA, CISA
City Auditor
San Antonio, Texas

RE: Management's Corrective Action Plan for the Audit of Risk Management Safety
Programs

The Office of Risk Management has reviewed the audit report and has developed the
Corrective Action Plans below corresponding to report recommendations.

#	Recommendation Description	Audit Report Page	Accept, Decline	Responsible Person's Name/Title	Completion Date
1	**Communication and Training of Safety Policies and Procedures** The Risk Management Director should: • Consider maintaining an inventory of all city managers and supervisors and require that the safety coordinators periodically review the list back to the acknowledgement forms received. For those employees that have not submitted an acknowledgment form, require that the safety coordinators contact them and make note of follow-up attempts. • Conduct periodic audits as required by the City Safety Manual to ensure that employees	4	Accept	Marcell Smith, Safety Administrator	10/1/17

		Recommendation			
#	Description	Audit Report Page	Accept, Decline	Responsible Person's Name/Title	Completion Date
	are receiving mandatory training. On a quarterly basis, reconcile actual training attended per employee to the scheduled training outlined in the manual and in the annual training calendar. Additionally, update the City Safety Manual to specify personnel that are exempt from attending training identified as mandatory for "all" employees. • Consider creating performance metrics as a measuring tool to ensure that employees have successfully completed their required training requirements. The information gathered from the audits mentioned previously could serve as support for completing the metric. ·				
	Action plan: In April 2017, ORM began transitioning to department specific training which addresses the specific training needs of each department. Therefore, general training requirements have been removed from the safety manual. Annually, the ORM Director will communicate each department's identified training needs to each Department Director. In support of the City's sustainability efforts, ORM will discontinue providing printed copies of the safety manual. Effective 10/1/17, ORM will distribute electronic copies of the Safety Manual and acknowledgement forms to all supervisors and managers identified by Human Resources and reconcile acknowledgement forms to the original list. To remain current, ORM will obtain list of supervisors and managers hired monthly and follow this same process. ORM and ITSD developed a SAP module which tracks employee training. ORM enters training data converted from each class sign-in roster into SAP. SAP allows ORM to capture employee's name, training topic, department and training completion date. ORM is recruiting a Safety Training Supervisor who will be responsible for overseeing safety training, conducting periodic audits of the training tracking system, and ensuring department training needs are relevant.				
2	**Facility Site Inspections** The Risk Management Director should:	6	Accept		

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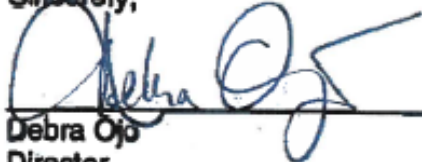|	Recommendation				
#	Description	Audit Report Page	Accept, Decline	Responsible Person's Name/Title	Completion Date
	• Implement a standard process, such as performing an annual risk assessment on city owned/controlled facilities to determine which facilities pose a higher risk. Risk factors should include: severity of follow-up items per facility inspections, repeat violations, and facilities with high public access. Additionally, prioritize facility inspections according to the higher risk locations. • Implement monitoring controls to ensure that facility site inspections with violations and corrective action plans are followed-up on in a timely manner. • Provide oversight to city departments (i.e. documented guidance) to assist in assuring that all city properties are accounted for.			Marcell Smith, Safety Administrator Denise Bromley, Claims Administrator	10/1/17 April, 2018

Action plan: Effective 10/1/17, ORM will implement a standardized facility inspection process that identifies and ranks facilities based on the following workplace hazards: mechanical, chemical, public and employee access, and employee injury data. This process allows ORM to identify and prioritize inspections based on the level of potential exposure. ORM will continue to develop an annual facility inspection schedule for those identified facilities to ensure corrective actions are conducted.

ORM is also implementing an inspection tracking system, E-Collaborate. E-Collaborate is a safety inspection tool in the SharePoint system which allows scheduling of facility inspections, documentation of findings, follow-up notification reminders, tracking corrections and tasks management. The E-Collaborate vendor has provided a system overview, designed the system to the City's specifications, uploaded City documents and presented test data (Phases I – III). ORM is currently in Phase IV, amending documents and creating task assignments. Full implementation is tentatively scheduled for 10/1/17.

On an annual basis, ORM coordinates with City departments on updating their list of assigned facilities for insurance coverage. In addition, ORM staff monitors City

3

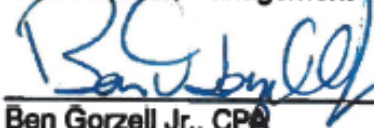|		Recommendation			
#	Description	Audit Report Page	Accept, Decline	Responsible Person's Name/Title	Completion Date
	Council agendas to identify acquisition/disposition of City facilities. To address the auditor's recommendation, ORM will work with Finance on revising AD 8.7, Financial Management of Capital Assets and Tracked Property, to include language on establishing guidelines for procuring and maintaining commercial insurance on recent purchased, renovated, constructed, donated and/or leased property.				
3	**Accident Review Board Process** The Risk Management Director should perform a reconciliation between the ARB results (i.e. points) listed on the ARB Agendas to the points recorded in SAP. The review should be conducted by someone independent of the ARB process, and discrepancies identified should be corrected promptly.	7	Accept	Marcell Smith, Safety Administrator	8/1/17
	Action plan: Prior to the audit, ORM identified SAP system issues where the points entered were not retained by SAP during data exporting. ITSD has since resolved the issue. To date, a manual count of all the ARB findings have been checked against SAP and corrected. ORM has also verified that the errors did not impact employee discipline. A monthly review of the ARB and SAP data will be conducted to verify accuracy. This fiscal year, ORM developed the Safety Balance Scorecard designed to assist departments with obtaining zero preventable vehicle collisions and workplace injuries by FY 2019. Individual department goals have been developed based on each department's historical data. Additional points can be obtained by correcting facility inspection findings within 14 days and by the number of employee completing safety training.				
4	**Subrogation Payment Reconciliations** The Risk Management Director should: • Implement a reconciliation process between the subrogation payments recorded in SAP and VOS to verify the accuracy and completeness of the payments recorded between the two systems. Documentation of the	8	Accept	Denise Bromley, Claims Administrator	6/1/17

4

#	Description	Audit Report Page	Accept, Decline	Responsible Person's Name/Title	Completion Date
	results of the reconciliation should be maintained to include explanation and/or resolution of differences identified. • Validation of manually entered data for source documents, such as the aging report worksheet, should be reviewed and signed off on by someone other than the preparer.				

Action plan: As of 6/1/17, ORM implemented a new process requiring the Fiscal Analyst to reconcile subrogation payments received in SAP to the payments posted in TPAs claims system (VOS) from the previous month. The General Liability manual has been updated to reflect these changes.

We are committed to addressing the recommendations in the audit report and the plan of actions presented above.

Sincerely,

Debra Ojo
Director
Office of Risk Management

_8.29.17_
Date

Ben Gorzell Jr., CPA
Chief Financial Officer
City Manager's Office

_8/29/17_
Date

5