City of San Antonio

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AUDIT COMMITTEE SUMMARY
October 15, 2019
Audit of Risk Management Liability Claims Management
Report Issued September 19, 2019

Audit Objective

Determine if in-house liability claims are managed in accordance with internal policies and State statutes.

Background

The San Antonio Defined Self-Insurance and Risk Management Program establishes policies, rights and duties related to the administration of claims against the City. The Risk Management department is responsible for the administration of claims and operates in conjunction with the City Attorney's Office in matters of litigation. Claims can include both property damage and bodily injury. Examples of these types of claims would be damage sustained to a vehicle during an automobile accident and any related physical injury.

Department personnel use the Valley Oaks System (VOS) to set up all claims, record notes, and track financial information pertaining to the claim. All claims are paid out of the City's self-insurance fund and Risk Management is responsible for overseeing this fund. For FY 2018, the City paid approximately $4.4 million in claims.

Scope and Methodology

The audit scope was the liability claims process for FY 2018. We reviewed for proper approvals and support documentation for claim payments. We reviewed for appropriate reserves for liability claims payments. We also determined if liability claims were paid in adherence to the standards in the Texas Tort Claims Act and the City Charter. Finally, we determined if users had appropriate access to VOS.

Conclusions

Risk Management is managing in-house liability claims in accordance with internal policies and State statutes. Risk Management's internal policies are consistent with State statutes and they have established adequate reserves for liability claims. Risk Management is also producing the monthly reconciliation and performance measure reports. Finally, Risk Management is adhering to the regulatory requirements in the Texas Tort Claims Act and the City Charter.

However, we identified an area in need of improvement. Risk Management does not have a documented process in place to control access to VOS.

We made recommendations to address the audit results. Management agreed with the recommendations and developed positive corrective action plans.