

**HUMAN RESOURCES DEPARTMENT
RISK MANAGEMENT DIVISION
GENERAL AND AUTOMOBILE LIABILITY
INSURANCE AND CLAIMS
AUDIT 23-04
DECEMBER 19, 2022**



City of Tampa

Jane Castor, Mayor

Internal Audit Department

315 E. Kennedy Boulevard
Tampa, Florida 33602
Office (813) 274-7159

December 19, 2022

Honorable Jane Castor
Mayor, City of Tampa
1 City Hall Plaza
Tampa, Florida

RE: General and Automobile Liability Insurance and Claims, Audit 23-04

Dear Mayor Castor:

Attached is the Internal Audit Department's report on General and Automobile Liability Insurance and Claims.

Risk Management has already taken positive actions in response to our recommendation. We thank the management and staff of the Risk Management Division for their cooperation and assistance during this audit.

Sincerely,

/s/ Christine Glover

Christine Glover
Internal Audit Director

cc: John Bennett, Chief of Staff
Dennis Rogero, Chief Financial Officer
Kelly Austin, Human Resources and Talent Development Director
Valerie Horton Rakes, Risk Manager
Marcus Charles, Claims Investigator Supervisor
Carl Brody, Assistant City Attorney

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/s/ Vivian N Walker

Lead Senior Auditor

/s/ Christine Glover

Audit Director

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BACKGROUND

The Risk Management Division of Human Resources (Risk) is responsible for processing claims from citizens through its Claims Office (Claims). As a self-insured entity, Florida Statute Section 768 limits the City of Tampa's liability to \$200,000 per person and \$300,000 per occurrence for general and automobile claims. In addition to processing claims from citizens, Claims also investigates and seeks restitution for damage to City of Tampa property caused by a third party.

General liability claims unrelated to automobile accidents are typically for pothole, cutouts, protruding rebars, wastewater backups, or trip and falls. Claims for damages caused by third parties unrelated to automobile accidents are usually for damages to fire hydrants, underground wastewater pipes, or street signs. Currently, the Claims staff consists of a Supervisor, three Investigators, a Subrogation Specialist, and an Office Support Specialist III.

STATEMENT OF OBJECTIVES

This audit was conducted in accordance with the Internal Audit Department's FY 2023 Audit Agenda. The objectives of this audit were to ensure that:

1. The system of internal controls related to separation of duties between claims processed and payments made and between subrogation claims and restitution received is adequate.
2. Liability claims for general or automobile accidents are properly documented.
3. The restitution process for subrogation claims is properly and timely completed.
4. Performance metrics are accurate, consistent, relevant, and verifiable.

STATEMENT OF SCOPE

The audit period covered closed claim and subrogation investigation activity that occurred from October 2021 to September 2022. Risk Management uses software known as RiskMaster to process claims. An assessment of RiskMaster resulted in the data being deemed reliable.

Closed claim and subrogation files from RiskMaster were selected using Automated Command Language to determine the number of claim files and select the actual claims to review. The file review was used to determine whether Risk Management personnel were fulfilling their stated duties and responsibilities in an effective and efficient manner. Original records as well as copies were used as evidence and verified through observation and physical examination.

STATEMENT OF METHODOLOGY

The objectives for this audit were achieved by performing the following steps:

- Compared the duties assigned for investigating claims and either making payment for liability claims or receiving payment for subrogation claims to determine proper separation.
- Reviewed closed claim file documentation for evidence of investigation efforts before payment or denial of claim.
- Reviewed closed subrogation file documentation for evidence of investigation efforts and submittal of a request for restitution for damages to City of Tampa property caused by a third party.
- Reviewed Oracle financials for posting of restitution payments received for subrogation claims.
- Discussed with Risk Management whether any performance metrics related to claims were being reported.

STATEMENT OF AUDITING STANDARDS

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 CONCLUSIONS

Based upon the test work performed and the audit findings noted below, we conclude that:

1. The system of internal controls related to separation of duties between claims processed and payments made and subrogation claims and restitution received is adequate.
2. Liability claims for general or automobile accidents are properly documented.
3. The restitution process for subrogation claims is properly and timely completed.
4. Management does not currently report performance metrics. However, relevant performance metrics were identified that should be reported.

PERFORMANCE METRICS

STATEMENT OF CONDITION: Risk has not established performance measures for their area. The Risk manager captures data to report productivity of staff; however, the data does not compare performance against an established goal.

CRITERIA: Performance metrics help guide and gauge an organization's success. In order to assess the performance of settling claims, the performance metric should establish a goal with a defined length of time and a measurable percentage. For example, in 1995, the City of San Antonio, Texas, established a goal of closing general liability claims within 12 months at least 72% of the time.

CAUSE: Metrics have not previously been developed for this section. Risk Management indicated that the data to generate performance measures are not readily available. Additionally, some industry standards do not consider the response from the claimant.

EFFECT OF CONDITION: Risk Management is not aware of claims processing inefficiencies or performance issues that may be identified if metrics are implemented.

RECOMMENDATION: Risk Management should develop measurable goals for performing job duties. Once developed, data should be captured to measure results achieved against the goals to determine how well the division is performing.

MANAGEMENT RESPONSE: Agreed. The data and information needed to establish and track measurable goals are not easily obtained from the claims management system. Pulling and tracking the information is a manual process which takes staff away from their core duties. In addition, the metrics derived from the data may not reflect an accurate understanding of an employee's performance without further discussion with the manager. With that said, Risk Management is committed to establishing performance metrics for staff which provide a wide scope of items to measure with an implementation date of 3/15/2023.

TARGET IMPLEMENTATION DATE: March 15, 2023