



AUDIT HIGHLIGHTS

Risk Management Services

November 03, 2023

Audit No. 2306

WHY WE DID THIS AUDIT

The Risk Management Services audit was included in the City Council-approved fiscal year (FY) 2022/23 Audit Plan. The audit objective was to evaluate controls over and effectiveness of Risk Management operations. Audit work primarily focused on safety and loss prevention programs and included a review of the workers' compensation program as part of worker safety.

BACKGROUND

Safety & Risk Management (Risk), a department within the City Attorney's Office, manages the City's self-insurance fund (Loss Trust Fund), and administers safety, loss prevention, insurance, contractual risk transfer, and claims administration programs. As outlined by City Administrative Regulation, Risk exists to organizationally reduce and mitigate the human and financial impact of operational and employee accidents and losses.

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WHAT WE FOUND

Identification of safety risk exposures could be improved by formalizing a facility inspection program and more comprehensive reviews of job hazards.

- Given increasing number of city facilities and limited resources, Risk needs to develop a risk-based plan for the prioritization of facility safety inspections and establish a schedule for completing them.
- Additional guidance and monitoring are needed to ensure that monthly workplace safety inspections are consistently performed and job-related hazards are adequately assessed.

Improvements to workers' compensation claims processes, emergency planning, and employee engagement could strengthen employee safety programs.

- A structured approach to root-cause analysis and injury review is needed to ensure they are consistently performed.
- Policies and procedures for workers' compensation claims handling have not been formalized, and a process for ensuring completeness of ICA claim number data is needed.
- Policy guidance for emergency action planning has not been established and engagement of the City Safety Committee would strengthen employee safety programs.

Data could be leveraged to further assess the effectiveness of safety programs and allocation of resources.

Risk should calculate OSHA Incident Rates by department and monitor workers' compensation claims denial rates. Additionally, high injury rates in the Police Department indicate the need for a dedicated safety officer.

WHAT WE RECOMMEND

We recommend the Risk Management Director:

- Adopt a risk-based inspection plan for completing periodic facility safety inspections, provide additional guidance and oversight to departments on monthly inspections, and establish quality reviews for Job Safety Analyses.
- For workers' compensation claims, adopt a structured approach for root cause analysis, verify the completeness of claim number data, and formalize policies and procedures. Also, establish a citywide emergency plan and increase engagement with the City Safety Committee.
- Apply OSHA incident rates by department, identify and monitor workers' compensation claim denial rates, and work with the Police Department on assigning a dedicated safety officer.

MANAGEMENT RESPONSE

Risk agreed with the recommendations and plans to implement them by November 2024.