



City of San Antonio

Agenda Memorandum

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Agenda Item Number: 9

Agenda Date: January 31, 2023

In Control: Audit and Accountability Committee Meeting

DEPARTMENT: Office of the City Auditor

DEPARTMENT HEAD: Kevin Barthold

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

Acceptance of the Office of the City Auditor Report AU22-040 Audit of ORM - Claims Subrogation

SUMMARY:

Determine if the claims subrogation process is effective and in compliance with relevant policies and procedures.

BACKGROUND INFORMATION:

Background

The Office of Risk Management (ORM) is responsible for subrogation activities for the City of San Antonio. Subrogation occurs when the City's property is damaged, or an employee is injured by third parties and legal liability may be asserted against that party. The Claims Unit within the ORM will then pursue the recovery of damages as allowed by law. There are two types of

subrogation claims: property damage and bodily injury. Property damage is where City property like vehicles or signs are damaged. Bodily injury occurs when an employee is injured, and workers' compensation payments are made.

For FY 2021, the City of San Antonio received \$1.1 million in subrogation payments.

Scope and Methodology

The audit scope included the claims subrogation process for the last quarter of FY 2021 through March 31, 2022. We reviewed a sample of subrogation claims to determine if they were properly supported. We also reviewed performance measures for accuracy. Finally, we reviewed for appropriate user access.

Conclusions

We could not determine if the subrogation process is effective and in compliance with relevant policies and procedures due to the lack of data for subrogation claims. ORM changed to a new TPA on January 1, 2022, and the TPA had not transferred all subrogation claims data and documents to the new system. In addition, key performance measures were inaccurate. Finally, users had inappropriate access to the iCE system.

We made recommendations to improve these opportunities. Management agreed with the recommendations and developed positive corrective action plans.

ISSUE:

This item is presented for acceptance by the Audit and Accountability Committee.

FISCAL IMPACT:

None

ALTERNATIVES:

N/A

RECOMMENDATION:

Staff recommends acceptance of this audit report.