AUDIT COMMITTEE

Minute No. 380 Risk Management Audit

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

The Executive Policy Committee, in its capacity as the Audit Committee, concurred in the recommendation of the City Auditor and recommends to Council:

1. That the Risk Management Audit dated January 2011, be received as information.

2. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

Minutes – Executive Policy Committee – July 13, 2011

DECISION MAKING HISTORY:

Moved by Councillor Fielding,
That the recommendation of the City Auditor be concurred in and forwarded to Council.

Carried

Audit Department Report
Risk Management Performance Audit – July 2011

A Performance Audit of the Risk Management Division was included in the City Auditor's 2009-2010 Audit Plan and endorsed by the Audit Committee. The purpose of the audit is to report to the Audit Committee on the effectiveness and efficiency of the Risk Management Division.

Report Summary

The Risk Management Division is part of the Corporate Finance Department. Risk Management provides an internal service to civic departments that protects the City's assets and its ability to provide services and meet its objectives by reducing its exposure to losses.

Overall we noted that adequate systems, practices and controls are in place to ensure the Risk Management Division is able to deliver its core business of managing City's claims and recoveries and ensuring the City is adequately risk financed. However, the Risk Management Division is lacking a formal performance management system, which is necessary for the Division to better understand the areas where service delivery could improve and areas where it is operating at full operational capacity. Also, a formal analysis of the Division's operational capacity and adequacy of the current level of staff to provide an approved level of service is required for all the branches within the Division.

Claims Branch

We found controls around the processing of payments must be improved to help ensure that unauthorized payments are prevented. There is an opportunity to streamline the claims management process by revising the payment authorization limits. There also is an opportunity to enhance recoveries by ensuring that more effort is placed on managing recoveries as process enhancements free up existing resources.

Insurance Branch

We noted a number of issues related to the management of the Insurance Reserve Fund (IRF). It is unclear what the role and responsibility of each Division of Corporate Finance has with respect to the IRF. This has contributed to the following issues: the IRF balance below the recommend level of $4.5 million, the funding formula for the Insurance Reserve Fund is not on the departments experience, and the accounting practices for the IRF requiring clarification.

Workers Compensation Branch

A succession plan needs to be developed for the Workers Compensation Branch, with a focus on the Workers Compensation Coordinator position to ensure continuity in the functions this branch performs. Finally, we believe the adequacy of the Workers Compensation Reserve should be revisited because of changes to the presumptive clause in The Workers Compensation Act.

Policy

The report is submitted in accordance with the City Organization By-law 7100/97 section 19(d)(iv) that the Audit Committee will "Receive and review audit reports, and table such reports with its recommendations at a regular meeting of Executive Policy Committee".

Recommendation:

That the Executive Policy Committee, in its capacity as the Audit Committee, recommend to Council that the Risk Management Audit dated January 2011, be received as information.

Attachment



Risk Management Audit Final Report.pd

Report Written By J. Egert Approved by B.Whiteside June 17, 2011