

AUDITOR-CONTROLLER/ TREASURER/TAX COLLECTOR



COUNTY OF SAN BERNARDINO

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LARRY WALKER
Auditor-Controller/
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August 8, 2013

Hueston Whiteside, Director
Department of Risk Management
222 West Hospitality Lane, Third Floor
San Bernardino, CA 92415, 0016

SUBJECT: AUDIT REPORT - RISK MANAGEMENT CLAIMS

Introductory Remarks

In compliance with Article V, Section 6, of the San Bernardino County Charter, the Board of Supervisor's Policy Statement 02-02 entitled Internal Operational Auditing and the Memorandum of Understanding between the department of Risk Management and the office of the Auditor-Controller/Treasurer/Tax Collector dated August 23, 1991, the Internal Audits Section (ATC IAS) of the County Auditor-Controller/Treasurer/Tax Collector's Office has completed a compliance audit of Risk Management's claims processing over Liability and Worker's Compensation claims for the period July 1, 2008 through June 30, 2012. Our audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing developed by the Institute of Internal Auditors.

Background

Risk Management seeks to minimize the frequency and severity of financial loss to the County through a coordinated integrated risk management program. It includes identification and assessment of exposures that can result in loss, effective risk reduction and loss prevention programs for identified risks, aggressive claims management, and fiscally responsible risk financing and recovery.

The Department of Risk Management is composed of four sections. These are safety and loss control, workers' compensation claims administration, liability claims administration, and finance and administration.

Liability claims administration staff manage the myriad of claims presented to the County by third parties. Liability claims adjusters coordinate the settlement of legitimate claims with insurance carriers and approve payments from self-insurance funds. Working with County Counsel and outside law firms, the adjusters manage the defense of disputed claims and provide support as needed.

Risk Management is required by California Government Code Section 29704 to only deliver a warrant to a claimant after a duly executed release evidencing acceptance of the amount tendered in settlement of the entire claim has been received.

Objective, Scope and Audit Methodology

The audit objective was to determine whether releases required by Government Code Section 29704 were maintained for payments made to settle the entire claim during the audit period of July 1, 2008 through June 30, 2012.

The Internal Audits Section sampled claim payment transactions, reviewed claim files and interviewed Risk Management staff to determine whether required releases were maintained.

Conclusion

As a result of our audit and the tests performed, we concluded that releases required by California Government Code 29704 were maintained for the sampled payment transactions.

We sent a draft report to the Department's management on August 8, 2013.

Thank you very much for the cooperation extended by your staff during the course of this audit.

Respectfully submitted,

Larry Walker
Auditor-Controller/Treasurer/Tax Collector
San Bernardino County

By: 
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