

Legal Claim, Settlement, and Judgment Data

Scope Statement – February 12, 2020

Background

The city faces a variety of risks as part of its regular operations. These risks can result in injury and damage claims as well as lawsuits against the city. The city's Law Department processes injury and damage claims and defends the city against lawsuits. Claims and lawsuits may result in financial payouts by the city. The City Council recently passed Ordinance 190971 to establish a risk management program. The purpose of the program is to identify and evaluate risk and to mitigate and manage its effects. Among the responsibilities established for the risk manager is preparing an annual report analyzing the city's claim and lawsuit data.

Why audit legal claim, settlement, and judgment data?

The city spends millions of dollars a year to pay legal claims, settlements, and judgments. The risk management program's ability to manage and mitigate city risk requires complete and reliable data in order to determine frequency of claims, costs incurred, and trends in frequency and severity and to identify departments, divisions, offices, or conditions which appear to be contributing unduly to losses. A successful risk management program could help the city reduce payouts from claims and lawsuits.

Audit objective

Our objective is to answer the following question:

- Could the Law Department improve its legal claim, settlement, and judgment data to support the risk management program's purpose of identifying, evaluating, and mitigating risk?

Audit methods

We will test the Law Department's vehicle and general liability claim and lawsuit settlement and judgment data for reliability; interview city staff to understand the data; and review recommended practices for risk management data analysis. Our data testing will not include worker's compensation or city collections data.

Anticipated release date

We plan to issue the audit report in April 2020.