



Office of the City Auditor  
Kansas City, Missouri

## Highlights

### Why We Did This Audit

The city faces a variety of risks as part of its regular operations that can result in injury and damage claims as well as lawsuits against the city which may result in financial payouts by the city. From 2014 to 2019 the city paid over \$52.7 million to resolve claims and lawsuits.

A successful risk management program could help the city reduce payouts from claims and lawsuits. The claim and lawsuit data needs to be usable by both the Law Department and the Risk Management Program.

### Objective

Our audit focused on determining whether the Law Department could improve its legal claim, settlement, and judgment data to support the risk management program's purpose of identifying, evaluating, and mitigating risk.

### Background

The city's Law Department processes injury and damage claims and defends the city against lawsuits.

The City Council recently directed the staff to establish a more robust 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.

Click [here](#) to view the full report.

To view other audit reports, please visit our website <http://kcmo.gov/cityauditor> and click on Search Our Work.

## PERFORMANCE AUDIT

### Law Department Database Improvements Can Assist Risk Management Program

#### What We Found

The Law Department's existing claim and lawsuit databases present a barrier to the city's risk manager's ability to analyze this data and identify and address city risks. Law Department databases were designed to address the department's case management needs, not perform risk management analysis and reporting. Although the databases meet the current needs of the Law Department, the database fields are not in a format suitable for analysis and do not capture all needed information.

Additionally, the department's databases include some incomplete fields, illogical date sequences, duplicate records, and gaps in record numbers, which could affect the ability to develop accurate and complete risk management frequency and trend reports.

Unless there are changes to Law's existing database setup, the risk management program may not be efficient or effective. Currently, extracting data from the databases for analysis will require the risk manager to perform cumbersome and time consuming manual processes to prepare the data, which creates more opportunities for mistakes. The risk manager may also have



to gather additional information from case files because the databases do not capture all of the needed information. The risk manager could provide inaccurate or misleading information using the current data and may not identify risks that result in financial loss to the city. Management needs accurate and complete data to make decisions that will mitigate risks or address correctable problems.

A new database that allows the Law Department to assign and track cases and the risk manager to analyze claim and lawsuit data is needed. The new database should include data entry controls, written policies and procedures, and a quality assurance process.

#### What We Recommend

We recommend the city attorney coordinate with the Information Technology Division and risk manager to develop a new, single database built for both case tracking and risk management analysis and reporting, and include written definitions for data fields, policies and procedures for database use, controls to limit manual entry, and a quality assurance process.

Management agreed with our recommendation.