

City of Brampton Claims Management Audit– Final Audit Report
Private & Confidential
Audit Report

Audit Name	City of Brampton, Claims Management		
Sponsor(s)	Jonathan Brewer (Acting Manager, Risk & Insurance)		
Business Unit	Insurance and Risk Management, Legislative Services	Date Issued:	August 25, 2022

1.0 Executive Summary

Audit Report Rating: The Claims Management Audit is rated as "**Improvement Required.**" See **Appendix 2** for the criteria for Audit Report Rating.

The inherent risk was evaluated as high given the dollar value of contracts and potential insurance liability risk exposure. The audit report identifies six issues, one of which is rated as Priority 1 (P1) and the rest have been rated as Priority 2 (P2). The P1 finding that "Certificates of Insurance are not properly recorded and tracked" does not impact the overall Claims Management process. However, the finding was reported in previous Internal Audits. Vendors are responsible for recording and updating their Certificates of Insurance as part of a project. City management is responsible for verifying that Certificates of Insurance are properly recorded by vendors during the lifetime of a project and management should ensure the verification is taking place. Please see the detailed finding below

During our review, we observed the following strengths across the organization:

- Insurance coverage for risk categories is periodically reviewed and updated per the City's current insurance risk profile. This includes checking claims for accuracy, estimating reserves and following-up on unusual claims to ensure that the claims are receiving the attention it requires.
- Insurance and Risk Management staff possess several years of relevant industry experience in managing insurance claims.

Internal Audit discussed the following improvement opportunities with Management:

- Certificates of Insurance (COI) should be properly recorded and tracked to ensure the vendor has adequate insurance coverage to protect the City
- Voluntary risk evaluations for City properties should be conducted periodically.
- Annual reports outlining the division's performance should be prepared and submitted to the Committee of Council.
- Key Performance Indicators should be formally tracked and reported.
- Trust fund expenditure details received from the external adjuster should be verified for accuracy and supporting evidence.
- Formal quality assurance review of insurance claims files should be performed monthly or at least quarterly.

These issues and associated management action plans are explained in more detail within the body of this report.

2.0 Background, Objectives, and Scope

Background

The City mitigates the risks of adverse events that can prevent the City from achieving its objectives with an insurance and claims management program by purchasing sufficient insurance coverage. Adverse events could negatively affect the municipal services the City provides, potentially delay the delivery of a project, negatively affect any of the City's stakeholders, and adversely impact the City's finances. The insurance coverage includes the risk of legal action by third parties against the City, arising from any incident causing losses or injuries to any person or property, and the risk of damage or loss to the City or its assets. The Insurance and Risk Management (IRM) section of the Legislative Services Department administers the program.

The IRM section provides the following specific claims management services:

- Investigating and processing insurance claims
- Adjusting (making a determination of how much the City should pay) third-party claims made against the City
- Adjusting City claims for first-party vehicle and property loss or damage

In addition, IRM reviews City contracts and agreements for vendor's insurance coverage as well as indemnification provisions, renew the City's insurance policies annually, conducts risk assessments, and provides recommendations to address potential risk exposures. The IRM section also provides subrogation to the City departments that have incurred expenses to repair or replace City property damaged by a third party, where the third party has been identified. As an example of subrogation, suppose the City has incurred costs of replacing a bus shelter damaged by a third party vehicle where the identity of the third party is known. In that case, the IRM section may pursue efforts to recover costs from the third party (or the third party's insurance provider). Lastly, IRM also provides training to City staff on how to deal with incidents which may give rise to claims.

According to data provided by the IRM Department, the City paid approximately \$9 million in claims between 2017 and 2021 for 1,625 claims received. The total amount of claims paid by the City was greatest in 2019 when it incurred \$2.5 million in claims against an annual average of \$1.8 million. The City received fewer claims, a total of 238, in 2021 compared to a yearly average of 325 claims.

The following table shows the total amount of claims paid for the years 2017-2021 for major claim types. Liability and Transit claims accounted for 85% of all claims paid in 2017-2021.

Value of claims paid ('000's) 2017-2021

Claim Type	2017	2018	2019	2020	2021	Total	%
Liability	\$436	\$522	\$423	\$109	\$151	\$1,641	18%
Transit	\$1,249	\$774	\$1,961	\$1,412	\$610	\$6,006	67%
Other Claims*	\$102	\$552	\$142	\$173	\$365	\$1,334	15%
Total	\$1,787	\$1,848	\$2,526	\$1,694	\$1,126	\$8,981	100%

*Auto Fleet, Property, and Errors & Omissions

2.0 Background, Objectives, and Scope

The following tables show the number of claims received in 2017-2021 by the type of claim. Liability and Transit claims accounted for 91% of the claims received and 85% of the total value of claims paid in 2017-2021.

Number of claims received 2017-2021

Claim Type	2017	2018	2019	2020	2021	Total	%
Liability	169	243	234	217	132	995	61%
Transit	116	82	120	91	72	481	30%
Other Claims*	35	30	33	17	34	149	9%
Total	320	355	387	325	238	1,625	100%

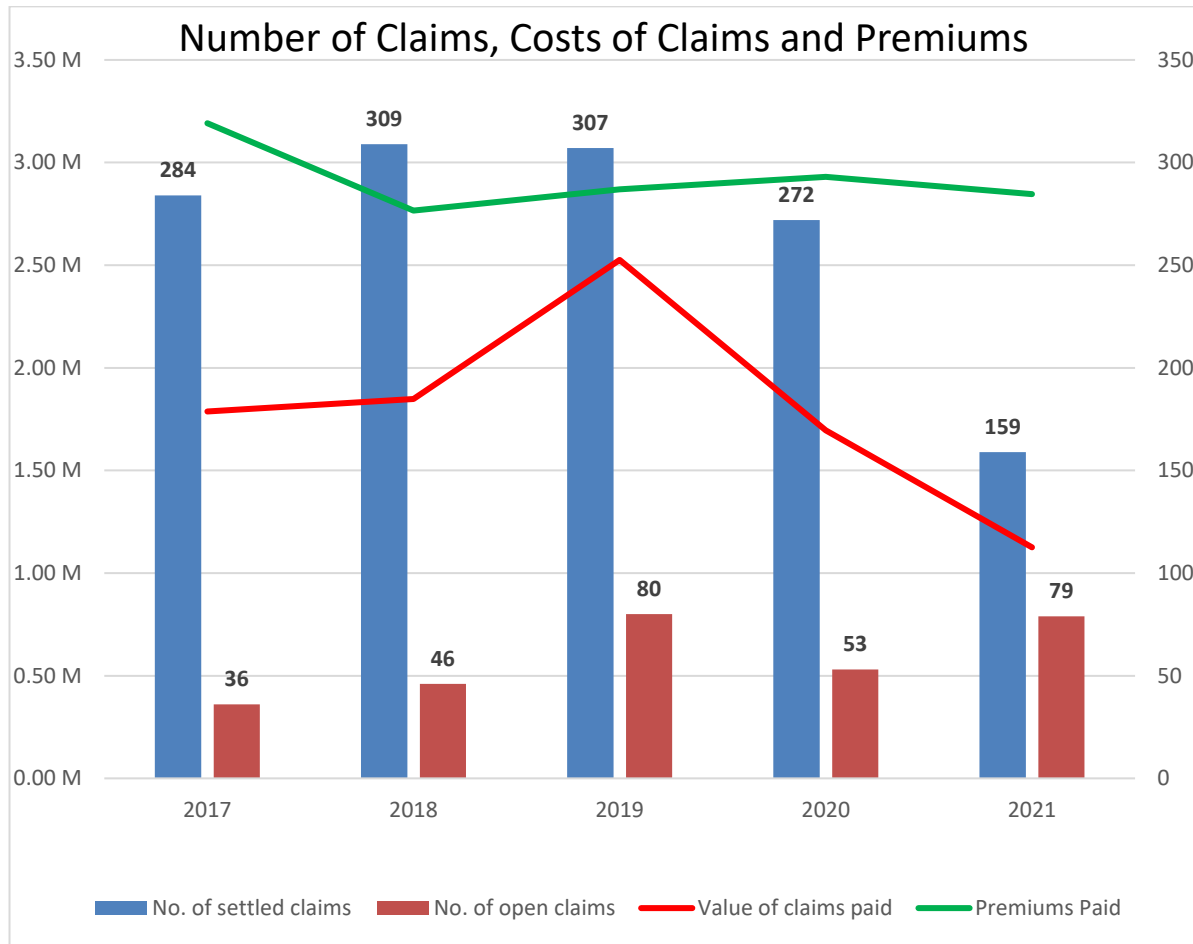
*Auto Fleet, Property, and Errors & Omissions

The following table shows the number of open and settle claims, and the value of claims and insurance premium paid in 2017-2021. Between 2017 and 2021, the City incurred \$14.6 M in insurance premiums, paid out \$9 M in insurance claims, and recovered \$0.4 M through subrogation. In addition, IRM has estimated the potential exposure from the open claims to be \$6.2 M, as of December 31, 2021, should these claims result in pay-outs.

Year	No. of claims settled	No. of open claims	Value of claims paid	Premiums Paid
2017	284	36	1.78 M	3.19 M
2018	309	46	1.85 M	2.77 M
2019	307	80	2.53 M	2.87 M
2020	272	53	1.69 M	2.93 M
2021	159	79	1.13 M	2.85 M
2017-21	1,331	294	8.98 M	14.60 M

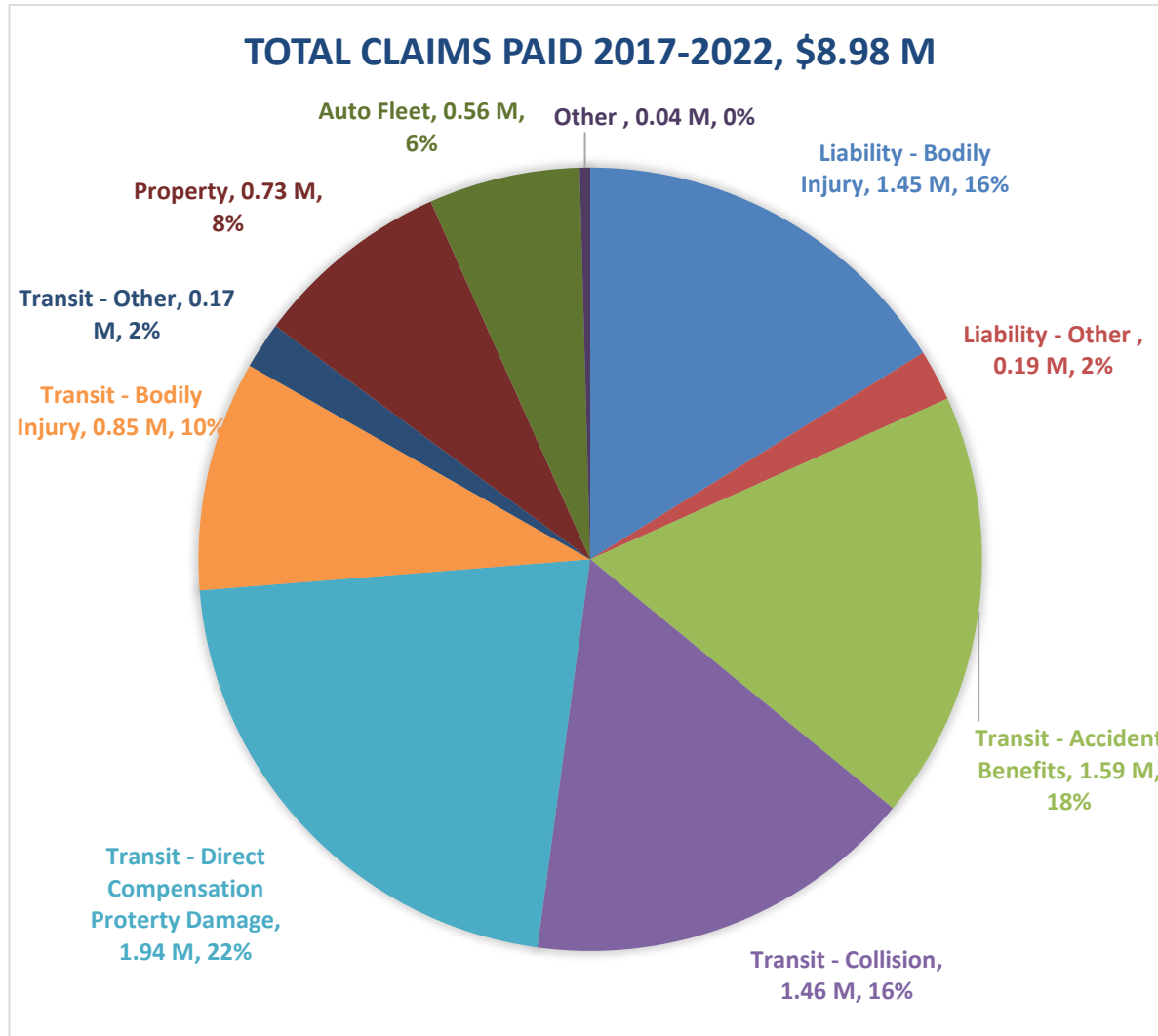
2.0 Background, Objectives, and Scope

The following chart shows the number of claims, claims costs, and insurance premiums paid by the City of Brampton between 2017 and 2021.



2.0 Background, Objectives, and Scope

Between 2017 and 2021, Transit claims accounted for 67% of the value of the claim paid. The following chart shows the major claim categories by the value of claims paid between 2017 and 2021.



2.0 Background, Objectives, and Scope

Objectives

This engagement aimed to assess the effectiveness and efficiency of the existing control framework to determine the adequacy of internal controls to ensure compliance with policies, procedures, and legislation related to the City of Brampton insurance and claims management program.

Scope

The audit included a review of internal controls and processes for claims and risk management, specifically those relating to the following:

- Claims administration
- Annual insurance policy renewal process
- Monitoring of third-party service providers
- Risk management practices and procedures relevant to the administration of the insurance program
- Use of information system to efficiently and effectively manage the claims

The audit covers January 1st, 2017, to December 31st, 2021.

Scope Limitations

The scope of our review excludes the following insurance program not managed by IRM:

- Insurance provided through employee benefits, which is managed by the Human Resources Department and outsourced to third parties
- Insurance related to Workplace Safety and Insurance Board (WSIB) which is administered by the Ontario Government

3.0 Detailed Audit Findings and Proposed Management Actions

Ref #	Audit Findings	Finding Rating	Audit Recommendations	Management Response and Due Date	Responsible Party
1	<p><u>Certificates of Insurance are not properly recorded and tracked to ensure the vendor has adequate insurance coverage to protect the City</u></p> <p>Approximately, 56% of all active contracts on file had expired COIs on file. Having an expired COI on file does not necessarily mean the vendor has not renewed their insurance but that they haven't uploaded the renewed COI. Without a current COI on file, the City would not know if the vendor carries a valid insurance.</p> <p>The City of Brampton requires its suppliers, vendors and contractors to provide a Certificate of Insurance (COI) as proof of insurance coverage to protect the City from potential resulting from the actions, activities and conduct of its suppliers, vendors and contractors. A COI is issued by an insurance company or broker and verifies the existence of an insurance policy with the City of Brampton and that the City is included as an additional insured party. It is the vendor's responsibility to provide a valid COI before the start of their contract with the City, and annually upon insurance renewal. The Contract Administrators are required to ensure that all COIs are up to date.</p>	P1	<ol style="list-style-type: none"> 1. It is recommended that IRM work with Purchasing Department and CAO's Office to clearly define roles and responsibilities in ensuring Certificate of Insurance for vendors are reviewed periodically and kept up-to-date at all times. 2. It is recommended that IRM should periodically prepare aging reports of delinquent COI and forward them to the respective division heads for follow-up with contract administrators. 3. It is recommended that the Purchasing Division should ensure that the expired Insurance Report is accurate and free from duplicate or erroneous entries. 	<ol style="list-style-type: none"> 1. We have initiated a meeting with Purchasing (scheduled for August 18th, 2022) to begin the process of developing a City-wide SOP. We have also met with the Commissioner of Legislative Services about this, and she has agreed to engage CLT. We have yet to develop the SOP, but one of the practices we envision is to periodically run expired COI reports by department, which will be distributed to Contract Administrators, and copied to their respective Commissioners to be actioned; including follow ups with vendors on expired COI's, correcting mislabelled COI's and ensuring completed 	Manager, Risk & Insurance.

Ref #	Audit Findings	Finding Rating	Audit Recommendations	Management Response and Due Date	Responsible Party
	<p><u>Process overview:</u></p> <ul style="list-style-type: none"> • IRM reviews and approves the amounts and type of insurance coverage that a vendor must have to protect the City against any claims arising from the vendor’s conduct. The amount and type of insurance coverage are dependent on the scope and nature of the work. • IRM also reviews the actual Certificate of Insurance to ensure that the vendor has obtained adequate coverage and meets or exceeds the IRM’s recommendations. • The vendor is required to maintain active insurance coverage for the entire duration when the contract is active. Since, the COI has an expiry date, the vendor must provide a new COI with extended validity to prove continued insurance coverage for as long as the contract is active. • Automatic reminder emails are sent to vendors 30 days before the COI expires. If no renewal COI has been received by the expiry date, a 2nd automated email reminder is sent to the vendor advising them of non-compliance with their contractual agreements and that their work, and payments for their work may be suspended. <p><u>Findings:</u></p>			<p>contracts are closed (so as to avoid “expired notices on contracts that are concluded.)</p> <ol style="list-style-type: none"> 2. This will fall under the SOP. 3. This will fall under the SOP. 	

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	<p>As at April 12th, 2022, out of 674 active contracts on file, 377 (or 56%) active contracts were showing as having expired COIs.</p> <p>Samples were also taken of COIs relating to 30 active contracts with contract values ranging from \$64,000 to \$41.8 million, issued between 2017 and 2021. We noted that 60% (18 out of 30) of the sampled active contracts had expired COIs. This is in line with the data analysis where 56% of all active contracts appear to have expired COIs.</p> <p>To summarize, there are a few potential issues that contributed to a high percentage of expired COIs on file:</p> <ul style="list-style-type: none"> • Vendors did not upload the renewed insurance certificates and Contract Administrators did not follow-up to ensure that the COI was uploaded in the e-Procurement system. • In some cases, a system issue caused COIs to be counted as an expired certificate even though a replacement COI may have already been uploaded. According to the Purchasing group, at renewal, if the insurance certificate type is not selected as the original COI in the Bids & Tenders system, the e-procurement system will still read the insurance as expired. For example, an original COI with Auto and General liability coverage may be replaced with two separate COIs providing the same coverage upon renewal. In such 				

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	<p>cases, the original COI will continue to show as expired.</p> <ul style="list-style-type: none"> • In addition, some contracts that are completed may not be closed within the system, and open/active contracts may therefore also have expired insurance certificates which may inflate the number of expired insurance certificates. • There is no clearly defined roles and responsibilities among the City divisions on whose job it is to check and follow-up on insurance renewals. It is unclear whose job it is to ensure that current and valid COIs are on file and uploaded onto the e-Procurement system. Also, there is no clear standard operating procedure for dealing with the delinquent COIs. <p><u>Mitigating factors</u></p> <p>Management has confirmed that none of the 1625 claims involved a situation where the City had to accept liability and pay a claim because of an expired COI.</p> <p>Also, the contracts have indemnification provisions. That means regardless of whether or not vendors obtain insurance, they are still legally obligated to defend and indemnify the City-so the vendor company would directly be exposed to liability for any claims arising from their work for the City. The vendor insurance mainly provides the financial backing for the indemnification provisions they have agreed to. For example, if a vendor is small, it may not</p>				

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	<p>have the funds to pay for a large claim and it might declare bankruptcy without insurance. Or if a vendor is uncooperative and doesn't want to report a matter to their insurers; City can do so as "additional insureds." Therefore, it is important to have valid and current COIs on file for all active contracts.</p> <p><u>Potential exposure</u></p> <p>Expired COIs expose the City to liability risks as many of these expired certificates pertain to active contracts. Currently, it is unclear which division is responsible for ensuring the periodical and timely review and renewal of vendor COIs. Implementing the recommendations may help mitigate the risk of liability and potential financial losses to the City.</p>				
2	<p><u>Risk evaluations not completed in the last few years</u></p> <p>Although not mandatory, risk evaluations may provide additional risk mitigation and improvement opportunities if voluntarily opted.</p> <p>The risk evaluation reports seek to identify potential risks and risk improvement opportunities in the following areas:</p> <ul style="list-style-type: none"> • Fire protection and property loss prevention • Other property exposures 	P2	<ol style="list-style-type: none"> 1. Given that no Risk Evaluation has been completed in the last nine years, it is recommended that the IRM Department actively engage MARSH Canada to conduct a comprehensive Risk Evaluation to identify any deficiencies that may exist. Further, the Risk Evaluations of the City properties should be conducted periodically. 2. Ensure that the respective divisions resolve deficiencies identified on the risk evaluation report. 	<ol style="list-style-type: none"> 1. We have engaged Marsh Risk Consulting this year, and Risk evaluations for the City's largest two recreation Centres, Gore Meadows and Cassie Campbell are scheduled for October 2022, with two additional evaluations to take place early in 2023. 2. Agreed. 	<p>Manager, Risk & Insurance.</p> <p>Facilities Managers responsible for rectifying deficiencies.</p>

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	<ul style="list-style-type: none"> • Safety and liability • Crime prevention and security • Facility and property maintenance • Environmental hazards <p>Risk evaluations are not mandatory. However, they are considered a best practise as they help identify building issues which could result in claims, and make recommendations to reduce the likelihood of such claims, or the severity. For example, issues with sprinkler systems, fire alarms, plumbing deficiencies, lighting, etc. Risk evaluations are helpful in risk reduction, but are not mandatory. For example, if a claim arose in a building that had not been inspected lately; the insurance coverage would still be available to the City.</p> <p>Typically, it is the insurer who initiates such inspections for their own benefits and to get a better understanding of risks they are covering. The City can also voluntarily request such inspections to identify and fix deficiencies to reduce the likelihood of claims.</p> <p>Each year the IRM renews its insurance policies. At the time of policy renewal, the coverage is reviewed in detail keeping in mind the changes that happened since the last review. The process involves collecting information from the divisions which would highlight any potential exposures for the insurance company to consider before underwriting the new policy.</p> <p><u>Findings:</u></p>			Due date-Q1 2023, to allow for receipt and auctioning of the Risk Evaluation Reports.	

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	<p>According to the Acting Manager, Risk & Insurance, the Risk Inspections have not been done since 2014.</p> <p>Prior to 2014, the then City-insurer, OMEX (the Ontario Municipal Insurance Exchange), and its broker Marsh Canada Limited had conducted limited risk inspections of certain facilities, which included the following:</p> <p>2013: City Hall, Civic Centre, Transit - Clark, South Fletcher's Sportsplex, and Rose Theatre</p> <p>2014: Cyril Clark Library and Loafers Lake Recreation Center</p> <p>In 2015, the City moved its insurance program to JLT (a broker) which did not offer these property inspections, so no risk evaluations were completed for a number of years.</p> <p>The IRM staff is not aware of any <u>facility inspections</u> being completed since leaving OMEX, i.e. switching the insurer. More recently, AVIVA has conducted a detailed review of Fleet Auto Operations. The staff is not aware of or able to locate any documentation or recommendations due to these reviews. However, staff recall the insurer was satisfied with all the information, documentation and responses provided by Fleet Operations staff to their questions about the City's Fleet Training & Operations. The staff is unaware of and has not been able to locate a report or any major recommendations issued by the insurer arising from this review or</p>				

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	<p>whether the involved departments implemented these recommendations.</p> <p>In 2021, the City moved its insurance program to MARSH. No risk evaluations of City properties have been completed by MARSH since their new contract came into effect in 2021.</p> <p>Although not mandatory, the City should periodically obtain risk evaluations of City properties, specifically public-use properties, to identify any operational and risk management deficiencies that should be remediated to prevent, control and contain various risks.</p> <p><u>Potential exposure</u></p> <p>Without periodic risk evaluations, the City may not be aware of deficiencies and may be exposed to certain risks. Any deficiencies that are identified but not remediated timely may also increase the insurance premiums.</p>				
3	<p><u>Annual reports have not been prepared since 2018</u></p> <p>It has been a practice at the IRM Department to prepare an annual report outlining the key performance information and an overview of activities completed by the department and submit to the Committee of Council. The annual report provides information on insurance claims experienced during the year.</p>	P2	<ol style="list-style-type: none"> The IRM Department should consider preparing a comprehensive report for the periods 2019 to 2021. Thereafter, it is recommended that the annual reports be prepared and submitted to the Committee on a regular basis. 	<ol style="list-style-type: none"> Agreed. We will resume comprehensive annual reports. We have already discussed this with the Commissioner of Legislative Services. The City has recently recruited an Advisor, Special Projects for Legislative 	<p>Manager, Risk & Insurance.</p>

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	<p>The information includes an outline of claims received, denied or closed, open claims and files handled by IRM to recover damage costs to City property caused by third parties (i.e. subrogation), and risk management initiatives undertaken by the IRM department.</p> <p>However, the last annual report was submitted to the Committee of Council in 2018. No further annual reports have been submitted to the Committee since then.</p> <p>The reporting of performance and activities annually is a practice that supports good governance.</p> <p><u>Potential exposure</u></p> <p>Without annual reports being prepared, Council may be made aware of any major claims or exposures to the City in addition to the progress made with respect to major initiatives.</p>			<p>Services who will be assisting us. We also agree that a report covering 2019 to 2021 should be prepared.</p> <p>Due Date; End of Q2 2023</p>	
4	<p><u>Key Performance Indicators (KPIs not available for prior years)</u></p> <p>Performance measurement is an ongoing process of collecting data and key indicators that measure progress towards achieving objectives in the business planning process. It is an unbiased tool using quantitative information to tell a fact-based story.</p>	P2	<ol style="list-style-type: none"> 1. Review the KPIs to ensure that all aspects of KPIs are clearly defined (e.g. description, frequency of reporting, data requirement, ownership, and targets) and are directly tied to specific business objectives. 2. Where possible, the KPIs should also include benchmarking with other municipal corporations. 	<ol style="list-style-type: none"> 1. Insurance & Risk Management (IRM) began working with Organizational Performance (OP) on performance measurement approximately 1 year ago, and as a result has developed the KPI's listed on the 	Manager, Risk & Insurance

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	<p>The unit has only recently started tracking the performance information from the beginning of 2022. At this point, no data on the unit's performance is available. The first set of KPI reports will be available at the end of 2022.</p> <p>Following are some of the KPIs:</p> <table border="1" data-bbox="188 443 779 1090"> <thead> <tr> <th data-bbox="188 443 779 488">Performance Measures</th> </tr> </thead> <tbody> <tr> <td data-bbox="188 488 779 533">Number of Claims open/closed</td> </tr> <tr> <td data-bbox="188 533 779 616">Number of Subrogation claims open/closed</td> </tr> <tr> <td data-bbox="188 616 779 699">Number of Certificate of Insurance (COI) reviews</td> </tr> <tr> <td data-bbox="188 699 779 743">Number of contract/agreement reviews</td> </tr> <tr> <td data-bbox="188 743 779 788">Number of site inspections</td> </tr> <tr> <td data-bbox="188 788 779 833">Claims Settlement expenditures</td> </tr> <tr> <td data-bbox="188 833 779 877">Legal fees expenditures</td> </tr> <tr> <td data-bbox="188 877 779 922">Subrogation recovery (dollar value)</td> </tr> <tr> <td data-bbox="188 922 779 967">Cost of Risk per \$1000 in Revenue</td> </tr> <tr> <td data-bbox="188 967 779 1011">Percent of claims settlements avoided</td> </tr> <tr> <td data-bbox="188 1011 779 1090">Percent of claims meeting required response times</td> </tr> </tbody> </table> <p><u>Potential Exposure</u></p> <p>Inadequate KPI reporting may result in sub-optimal assessment of the Insurance & Risk Management Department against goals and objectives.</p>	Performance Measures	Number of Claims open/closed	Number of Subrogation claims open/closed	Number of Certificate of Insurance (COI) reviews	Number of contract/agreement reviews	Number of site inspections	Claims Settlement expenditures	Legal fees expenditures	Subrogation recovery (dollar value)	Cost of Risk per \$1000 in Revenue	Percent of claims settlements avoided	Percent of claims meeting required response times		<ol style="list-style-type: none"> 3. KPIs on insurance training provided by the unit to City staff should be included in the annual KPI report. 4. An analysis of KPIs should be included in the annual report. 	<p>“Performance Measures” chart. We have been collecting the data monthly since January 1st, 2022. OP has asked us to report annual figures; so, as indicated in this audit report, KPI's are underway as of 2022. These have been defined as suggested. We will also conduct a review of KPI's to ensure we track those that add value and eliminate any that create unnecessary work, while providing little or no real value.</p> <ol style="list-style-type: none"> 2. We agree that benchmarking with other municipalities is preferable, but in working with OP, we discovered that most such data is unavailable; however we will benchmark where possible. 3. Agreed-we will document and record any insurance and risk training we provide to City staff 	
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Claims Settlement expenditures																	
Legal fees expenditures																	
Subrogation recovery (dollar value)																	
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Percent of claims settlements avoided																	
Percent of claims meeting required response times																	

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				<p>4. Agreed. This will be included in our annual reports.</p> <p>As end of year figures will be required, we suggest a due date of end of Q1, 2023.</p>	
5	<p><u>Trust fund expenditure details submitted by the external adjuster as part of the trust fund reconciliation are not verified by staff for accuracy and supporting evidence</u></p> <p>COB uses an external insurance adjusting firm, Crawford & Company, to handle accident benefit claims. Since this area of litigation and insurance is heavily regulated, a significant amount of paperwork and accident benefit claims processing work is involved. COB funds the trust accounts with Crawford & Company, which are used for paying accident benefits. When the funds are running low, the external adjuster submits the trust fund reconciliation along with a detailed transaction report of expenses paid to claimants for each claim and also an invoice requesting for additional funds for replenishing the trust fund. Currently, the staff do not perform a detailed review of transactions on the expense report to verify accuracy and supporting evidence.</p>	P2	<p>1. It is recommended that IRM department periodically reconcile the trust fund balances and audit the expense reimbursements done by the external insurance adjusting firm on behalf of the City.</p>	<p>1. Agreed. We receive Trust Fund replenishment requests periodically from our Independent Adjusters (IA), which list all trust fund expenditures by claim. When we receive these, we propose to audit a sampling of 10 of these claims, in which we will request copies of issued cheques from the IA, and will also audit these files to ensure appropriate file handling.</p>	<p>Manager, Risk & Insurance.</p>

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	<p><u>Potential exposure</u></p> <p>Lack of review of transaction on the expense report may lead to errors, omissions, and inappropriate or unauthorized use of funds by the external adjuster to be undetected.</p>				
6	<p><u>There is no formal quality assurance review process to ensure the accuracy and completeness of claims files</u></p> <p>Based on the discussions with staff, an informal quarterly review is conducted to:</p> <ol style="list-style-type: none"> 1. Ensure that all claims are receiving attention 2. Check for accurate financials (payments and reserves) 3. Discuss amongst adjusters and Risk Manager any claims which require action <p>Following are some of the issues we noted:</p> <p>We noted that in the RiskMaster system, which holds data on claims, there were 21 claims with event cause description as 'No details provided.' According to staff, the IRM Department has no control over what claimants or their lawyers put in their claim notices to the IRM. As a result, the IRM often receives vague or limited information. In such cases, "No details provided" is selected as a "Cause Code." Assigning a "Cause Code" is mandatory to set up the claim. However, the "Cause</p>	P2	<ol style="list-style-type: none"> 1. It is recommended that a monthly or quarterly quality assurance review of insurance claims files (both electronic and paper files) be conducted on a sample basis. 2. RiskMaster file status should be updated for all significant events. A case synopsis should also be prepared and periodically updated in RiskMaster. 	<ol style="list-style-type: none"> 1. IRM has conducted quarterly staff claims reviews for the past several years; although these have been conducted twice yearly since the retirement of the previous Risk Manager, due to being short-staffed. However, going forward, we will conduct quarterly claims reviews in which our team's adjusters, along with the Risk Manager will review any unusual or problematic claims. At such times, we will also review our claims with an eye to quality control; ensuring information is up to date, claims are moving towards conclusion and claims 	Manager, Risk & Insurance.

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	<p>Code” is not updated in the RiskMaster once more information is available.</p> <p>We reviewed a listing of 1,625 claims with a value of \$14.8 million (including the reserve amounts for open claims). We noted four open claims in 2021 with no reserve amounts. There were 21 claims with an event cause description of “No details provided.”</p> <p>We noted that the system allows default values to be overridden and claims are not numbered sequentially and can be manually overridden. While we did not note any duplicate claims, the system does not prevent the entry of duplicate claims.</p> <p>Overall, the exceptions noted were not significant. However, a formal quality assurance process will provide an added assurance on the accuracy and completeness of claims files.</p> <p><u>Potential exposure</u></p> <p>A lack of a formal quality assurance review exercise may result in undetected errors and omissions.</p>			<p>payments are appropriate.</p> <p>Due Date: Q1 2023-to resume quarterly reviews.</p> <p>2. File status is currently required to be updated as developments occur. Claims synopsis is typically updated if and when a file enters litigation. For large losses that may exceed \$100,000, we will ensure an updated synopsis is entered every 6 months.</p> <p>Due Date-Q1, 2023</p>	

Report Distribution List	
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Internal Audit Team	
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