

**Date:** 2022-08-25

**Subject:** **Claims Management Audit Report 2022**







**Contact:** Claire Fang Mu, Director, Internal Audit, (905) 874 2215,  
[Fang.Mu@brampton.ca](mailto:Fang.Mu@brampton.ca)

**Report Number:** CAO's Office-2022-893

**Improvement Required****Executive Summary:**

- The report highlights control gaps in the Claims Management Process around recording and tracking of Certificates of Insurance, insurance risk evaluations of City properties, tracking and reporting of the division's key performance indicators, and formalizing periodic quality assurance reviews.
- The overall audit was rated as **"Improvement Required."**
- The first finding, that "Certificates of Insurance are not properly recorded and tracked," was noted in previous Internal Audits. Vendors are responsible for recording and updating their Certificates of Insurance as part of a project. Having an expired COI on file does not necessarily mean the vendor has not renewed their insurance. In some cases, vendors may have an updated COI but have not uploaded the renewed COI into the City's digital procurement System. Without a current COI on file, the City would not know if the vendor carries valid insurance. City management is responsible for verifying that the vendor has adequate insurance coverage throughout the lifetime of a contract to protect the City and ensuring that Certificates of Insurance are properly recorded and tracked in the City system(s).
- The issues and associated management action plans are detailed in the body of the audit report located in **Appendix 1: Claims Management Audit Report 2022.**
- See **Appendix 2** and **Appendix 3** for the criteria for rating findings and audit report rating.

**Internal Audit discussed the following improvement opportunities with the Insurance and Risk Management Services Unit:**

Process	Finding	Rating
1. Certificates of insurance from City vendors	Certificates of Insurance are not properly recorded and tracked to ensure the vendor has adequate insurance coverage to protect the City. Approximately 56% of all active contracts had expired Certificates of Insurance (COIs) on file. Without a current COI on file, the City would not know if the vendor carries valid insurance.	
2. Insurance risk evaluations of City facilities	Insurance risk evaluations of City properties, including public-use facilities, to identify and remediate deficiencies have not been performed since 2014. Although risk evaluations are not mandatory, they are considered a best practice as they help identify building issues which could result in claims, and make recommendations to reduce the likelihood or severity of such claims.	
3. Performance management and reporting	Annual reports outlining the key performance information and an overview of activities performed by the Insurance and Risk Management division have not been prepared and submitted to the Committee of Council since 2018.	
4. Performance management and reporting	Key performance indicators (KPIs) have not been formally tracked and reported regularly. KPIs should be clearly defined and directly tied to specific business objectives.	
5. Reconciliation of trust funds and expense reimbursement audits	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.	
6. Review of insurance claim files	There is no formal quality assurance review process to ensure the accuracy and completeness of claims files.	

These issues and associated management action plans are discussed in more detail in **Appendix 1**. These issues are rated as per the criteria described in **Appendix 2**.

**Conclusion:**

The objective of the audit was to assess the effectiveness of the existing control framework to determine the adequacy of internal controls to ensure compliance with policies and procedures related to the City of Brampton insurance and claims management program. It was determined that improvement is required by management to strengthen oversight over the claims management process.

The overall report rating is determined per the audit report rating criteria explained in **Appendix 3**.

Authored by:

\_\_\_\_\_  
Ruchir Patel, Manager  
Internal Audit

Reviewed by:

\_\_\_\_\_  
Richard Gervais, Acting Director  
Internal Audit

Approved by:

\_\_\_\_\_  
Claire Fang Mu, Director  
Internal Audit

Submitted by:

\_\_\_\_\_  
Paul Morrison  
Interim Chief Administrative Officer

**Attachments:**

Appendix 1: Claims Management Audit Report 2022

Appendix 2: Criteria for Evaluating Audit Findings

Appendix 3: Criteria for Audit Report Rating