

MUNICIPAL AUDITING REPORT CITY OF ROANOKE



Risk Management General Liability Claims Follow-up August 18, 2016

Report Number: 17-003
Audit Plan Number: 17-010

*Municipal Auditing Department
Chartered 1974*

www.roanokeva.gov/auditing

Phone 540.853.5235

TABLE OF CONTENTS

Audit Objectives & Scope	1
Background	2
Objective 1 – VACORP Contract Renewal.....	3
Acknowledgments	4

AUDIT OBJECTIVES & SCOPE

Audit Objectives:

1. To determine if the contract renewal with the Virginia Association of Counties Group Self Insurance Risk Pool (VACORP) for liability claims management services includes:
 - a. Length of time claim records are to be retained
 - b. Right to audit clause

Yes – The contract renewal specifies that VACORP will follow the Library of Virginia retention schedule for all applicable documents and acknowledges the City's rights to audit the records.

Audit Scope:

The contract renewal effective July 1, 2016, signed by VACORP.

BACKGROUND

The Office of Risk Management is responsible for mitigating and managing the City's exposure to risks, including actively managing general and automobile liability claims filed against the City.

Effective July 1, 2015, the City engaged VACORP to serve as its third party administrator for all general liability and automobile liability claims. The contract was renewed July 1, 2016 for a one year term. The Office of Risk Management oversees the contract, working with the public, city employees, the City Attorney's Office and VACORP as necessary to help ensure claims are properly managed. Prior to July 1, 2015, claims were self-administered by the City's Office of Risk Management.

Objective 1: VACORP Contract Renewal

We completed an audit of Risk Management's general and automobile liability claims management processes in April 2016. This included reviewing the contract with VACORP as well as the outcomes of claims filed with VACORP as the City's third party administrator. We determined that claims were being appropriately managed. Management agreed that the contract with VACORP should explicitly require compliance with Virginia's records retention laws, and; the contract should acknowledge the City's rights to access all records associated with claims against the City.

We reviewed the June 20, 2016 renewal letter that provided for a one year renewal and the additional terms, as follows:

- VACOPR shall follow the Library of Virginia retention schedule for all applicable records
- The City retains the right to audit VACORP records as needed.

The renewal letter was signed by a VACORP representative and is effective for the term from July 1, 2016 through June 30, 2017.

ACKNOWLEDGEMENTS

We would like to thank Jackie Clewis, Risk Manager for her assistance and cooperation throughout the audit.



Ann Clark, CPA
Senior Auditor



Drew Harmon, CPA, CIA
Municipal Auditor