Los Angeles County
Risk Management
Program Review

The Los Angeles County Citizens'
Economy and Efficiency Commission

September 1993
The Los Angeles County 
Citizens' Economy and 
Efficiency Commission

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The Mission of the Economy and Efficiency Commission is to examine any function of County government at the request of the Board of Supervisors, on its own initiative, or as suggested by others and adopted, and to submit recommendations to the Board directed toward improving local government economy and efficiency, and effectiveness.
September 8, 1993

Honorable Edmund Edelman
Los Angeles County Board of Supervisors
500 West Temple
Room 821, Hahn Hall of Administration
Los Angeles, CA 90012

Dear Chairman Edelman,

On October 22, 1991, the Board of Supervisors of Los Angeles County asked the Economy and Efficiency Commission to conduct a study of the increased liability costs and risk management measures that may be instituted to reduce escalating costs to the County.

In response to this direction the Commission is submitting the attached report entitled, Los Angeles County Risk Management Program Review. This report offers a set of recommendations designed to achieve millions of dollars of cost savings in the risk management program.

This Commission takes the position that the major contribution of this report lies in the identification of those program elements within which significant efficiency and cost improvements can be achieved. Current information available to the Commission on potential cost savings has resulted in a revision of earlier forecasts. As is true with any forecast, the actual savings available to the County will be a function of the approach your Board adopts in addressing these recommendations and the aggressiveness demonstrated by your department heads in the implementation of your direction.

The Commission appreciates having had the opportunity to assist the County in achieving a more efficient and effective risk management program and looks forward to providing further support in our upcoming review of the implementation of these recommendations.

Sincerely,

Gunther Buerk
Chairperson

C: Each Supervisor
Each Economy and Efficiency Commissioner
Harry Hufford, Chief Administrative Officer
Sally Reed, CAO Designate
DeWitt Clinton, County Counsel
Edward Barrios, Director, RIMA
Bruce J. Staniforth, Executive Director
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Executive Summary

Any governmental agency will, as a result of conducting its activities, face the possibility of losses of property, of health, of life, or as a result of liability to others. Risk Management is a program for making and carrying out decisions that will minimize the adverse effects of accidental losses upon an organization. The processes involved in this program consist of organizing personnel and other resources to accomplish the program's objectives, identifying and analyzing loss exposures, selecting the most promising technique(s), planning the work to be done, implementing the chosen technique(s), and monitoring the results to see if, in fact, the loss exposure has been dealt with in the most cost-effective manner possible.

This report presents a review of the Risk Management Program within Los Angeles County. The outcome has been the development of a series of recommendations that are intended to assist the Board and county staff in the further refinement of the current risk management procedures. The following summary of this report's recommendations indicates the areas for improvement. Their implementation will result in a meaningful enhancement to the efficiency of the Risk Management Program and the potential for a significant reduction in program costs.

TORT REFORM

1. Report on how best to implement mandatory arbitration, alternative dispute resolution and mediation.

2. The Board of Supervisors strongly advocate legislation that would provide for mandatory arbitration, alternative dispute resolution, and mediation, allow a party to file a request for mediation, discourage frivolous litigation, enable judges to determine the amount of punitive damage awards, and change the provisions to joint and severable liability.

RISK MANAGEMENT AND LOSS CONTROL

3. Change the Risk Management Program to improve efficiency and report to the Board on how to institute the necessary capabilities and operating processes to address tort liability risk, including timetables.
4. Identify savings accruing as a result of any revision in organization or resource allocation identified in the preceding recommendation and, upon implementation, reduce the appropriate budget unit(s) by the corresponding amount.

5. Direct those departments involved in risk management activities to review personnel assignments to insure that individuals are properly trained and equipped to fulfill the responsibilities that they have been assigned.


7. Identify savings accruing as a result of contracting out opportunities and reduce the appropriate budget unit(s) by the corresponding amount.

8. CLAIMS ADMINISTRATION

8. Review the current schedule of settlement authority and report to the Board on their appropriateness.

9. Report to the Board on how best to implement alternative risk management strategies.

10. Identify savings accruing as a result of implementing alternative risk management strategies and reduce the appropriate budget unit(s) by the corresponding amount.

11. Review and report on the most effective means of managing contracted claims.

LEGAL DEFENSE AND SUBROGATION

13. Review and report as to the maximum number of firms on the defense panel that can be monitored effectively, the costs incurred as a result of exceeding that number and the best means by which to recognize cost reduction and successes of these firms.

14. Report on the assignment of cases to defense counsel, from identification of need to completion of the case.

15. Study the possibility of contracting out subrogation actions and recommend the most effective approach.

16. Identify savings accruing as a result of contracting out subrogation actions identified in the preceding recommendation and reduce the appropriate budget unit(s) by the corresponding amount.

BUDGETING AND ACCOUNTING

17. Review and report on a cost system that can be implemented to monitor, control and report in a timely manner, on risk and liability costs.

18. Develop a system of costing within the Risk Management Program that will enable comparative efficiencies to be identified and acted upon.

RISK MANAGEMENT INFORMATION SYSTEMS

19. Assign the responsibility for the development and coordination of a Strategic Risk Information System Plan to include the establishment of liability and cost data that effectively responds to the requirement of the claims management function.

20. Report on the savings to be achieved within departments as a result of the development of the Strategic Risk Information System Plan proposed in the preceding recommendation and reduce the appropriate budget unit(s) by the corresponding amount.
The Economy and Efficiency Commission has reviewed the study prepared by McGladrey & Pullen and Advanced Risk Management Techniques, Inc., entitled The County of Los Angeles Risk Management and Liability Cost Study along with a September 3, 1993 letter submitted to the Commission clarifying some of the statements and cost data presented in the original study. Based upon the information provided in these documents, upon discussions with county staff, and upon internal analysis, the Commission has prepared this report setting forth recommendations designed to improve the efficiency of the Risk Management Program and to enable the County to realize significant cost savings.

The Commission has attempted to provide the means by which County departments can be given responsibility for the operation of the Risk Management Program and with which the County can develop improved program accountability. This report emphasizes the importance of identifying increasingly effective procedures and the means to monitor those procedures to insure their efficient implementation and operation. It is anticipated that this effort supplement work currently being conducted by departments in these areas. Although the efforts of McGladrey & Pullen illustrate the potential for the achievement of a meaningful level of savings, it is incumbent upon county staff to develop specific savings resulting from the implementation of the Commission's recommendations and to report to the Board on their status in a timely manner.

The set recommendations made by the Commission in this report presents its approach to improving the risk management function within the County. In some instances it has modified those recommendations made by McGladrey in order that they may more accurately reflect specific concerns of the Commission or previously stated Commission positions. In other cases, recommendations have been made that are in addition to those made by McGladrey & Pullen. The issues themselves are presented in the same order as in the McGladrey & Pullen study to assist the reader in any cross reference of these documents.

The Implementation Plan offered at the end of this report suggests to the Board the agency recommended to assume responsibility for the specific recommendation and the timeframe within which each recommendation be implemented.
As a result of the growth and the magnitude of costs incurred in the Risk Management Program, combined with the potential for future growth and program increases, the Board of Supervisors, on October 22, 1991, requested the Economy and Efficiency Commission to report on the increased liability costs and risk management measures that may be instituted to reduce escalating costs to the County.

Risk management is the process of making and carrying out decisions that will minimize the adverse effects of accidental losses upon an organization. This process is both repetitive and self-reinforcing. It is repetitive because past choices of risk management alternatives must be continually re-evaluated in light of changes in the County's activities and resulting loss exposures, changes in the relative costs of the alternative approaches, changes in the legal requirements, and changes in the County's or the affected department's objectives. It is self-reinforcing because monitoring the results of actions taken will reveal the need to revise decisions when significant changes in conditions take place. The results of these processes involves either developing programs to stop losses from happening (loss control) or implementing procedures to effectively reduce those losses that inevitably occur (risk financing).

Due in part to its size, the County is in the unenviable position of trying to address a myriad of loss exposures. This is exemplified in its requirement to provide services to both areas over which it has control and areas, e.g. bike paths, that may be more isolated and difficult to service. Clearly in each of these instances, the "cost of risk" must be addressed and managed as successfully as any other major operational cost within the County.

The Chief Administrative Officer (CAO), in a January 7, 1992 response to Board instructions given in the October 22nd motion referenced above, cited a number of factors that accounted for the increased liability exposure faced by the County. These factors included, “the increasing tendency of the courts and juries to levy judgements against agencies most able to pay” ("deep pockets"), rapidly escalating costs of medical and rehabilitative care which has significantly increased judgements, and settlements involving personal injury. The County's growing population and increasing tendency of individuals to file lawsuits against government agencies as part of our complex, litigious society."
The factors identified by the CAO are supplemented by the research completed by McGladrey & Pullen. The additional factors found by McGladrey & Pullen to have an influence on rising program costs were: an erosion of statutory immunities by legislative actions and judicial decision, a greater use of outside counsel and an increase in case complexity. The Commission has concluded from its analysis that the lack of efficiency in the operation of the risk management program within Los Angeles County has also resulted in an increase in program costs.

**TORT REFORM**

Discussion:

Although the emphasis of this report is placed upon identifying opportunities for developing program efficiencies, the subject of tort reform is almost universally recognized within California as critically important to the management of risk. The Commission wanted to take this opportunity to restate its position as it relates to the matters covered in this report. In a May 5, 1993 letter to the Board, this Commission indicated that support of legislation which would implement the following actions would assist greatly in California tort reform:

- Increase incentives for the use of mandatory arbitration, alternative dispute resolutions and mediation. The cap for mediation should be raised from the current level of $50,000 to $100,000.

- Allow a party to file a request for mediation, in lieu of a formal response, within 30 days of being served with a civil suit or cross-complaint.

- Discourage frivolous litigation by:
  - Imposing sanctions on attorneys who knowingly file non-meritorious motions for the purpose of delay, and,
  - Increasing the authority of a judge to dismiss non-meritorious suits by strengthening California's summary judgement law.
- Change the current law to give judges, rather than juries, the authority to determine the amount of punitive damage awards in cases where a jury had determined an award is appropriate. This will increase predictability and rationalize award amounts.

The recommendations made in this same letter for legislative reform are consistent with the recommendation on the CAO's memo dated January 7, 1992 "...to aggressively pursue legislative changes to reduce potential damage awards..."

In addition to the actions recommended in the May 5, 1993 letter, the Commission would add:

- Change the provisions to joint and severable liability so that the County is responsible for its proportionate share of the damages.

Recommendations:

1. Direct the County Counsel, in coordination with the Chief Administrative Officer to report to the Board on how best to implement mandatory arbitration, alternative dispute resolution and mediation. This report should address raising the cap for mediation from the current level of $50,000 to $100,000. (See Commission letter to the Board of Supervisors, dated May 5, 1993)

2. The Board of Supervisors strongly advocates legislation that would enable the implementation of the remainder of those actions presented in the discussion above. (See Commission letter to the Board of Supervisors dated May 5, 1993)
ISSUE

RISK MANAGEMENT AND LOSS CONTROL

Discussion:

The reorganization of activities within the risk management function between the Risk and Insurance Management Agency (RIMA) and the County Counsel in 1992 and 1993 by the CAO has impacted the County's exposure avoidance and loss prevention/reduction positions. This transfer involved the claims administration of the Carl Warren & Company (CWC) and the Professional Risk Management (PRM) contracts, budgeting for their costs and the accounting for their expenditures. Program management for general and automobile liability and medical malpractice claims was transferred with the objective of consolidating financial information in the area of litigation. This transfer of responsibilities completed without the transfer of accompanying resources.

The CAO reallocation of resources within the risk management function may reduce the emphasis in some areas and increases it in others. This shift may or may not be warranted considering the fiscal situation currently being faced by the County. Given the County's fiscal situation, it is important that the impact of the realignment of risk exposure activities should be identified by the CAO and presented to the Board to insure that they understand the implications of these program revisions.

The reassignment of activities between organizations would ideally be accompanied by a review of overall risk management program priorities by the CAO to insure that the program objectives continue to be accomplished. Realignment may well result in organizations being unable to effectively fulfill their responsibilities if they do not have control over the resources necessary to accomplish the assignment. Without the benefit of a review or cost/benefit analysis of this realignment it is not clear how separating activities within the risk management function improves the management of the overall program.

Program prioritization was an issue raised in the McGladrey & Pullen study. They felt that inadequate attention has been placed upon liability program management. In support of this claim they state, "Generally, a county's risk management unit devotes 40-60% of staff time and financial resources to liability program management - which by comparison with Los Angeles County at near 5%, indicates that liability program management is not a major priority." The magnitude of this differential would indicate that the CAO should, as a part of
Based upon statements cited in the McGladrey & Pullen study, departments have not been provided sufficient guidance to enable them to adequately develop the risk management capabilities that they are expected to maintain. Accepting the conclusion of the study that "2% of premium dollars" are normally allocated to loss control activities, the amount allocated to this activity by the County appears to be deficient. The inference to be drawn is that additional emphasis by RIMA to "...support, promote, and coordinate departments' loss control efforts..." would succeed in identifying further savings. The impacts of the organizational and resource allocation questions raised by these concerns should be addressed in an overall program review.

The CAO memo dated January 7, 1992 states, "To control or reduce these costs, County department heads, managers, and supervisors must be made aware of the problem, given appropriate education and management tools, and held accountable for the resultant costs to the County." The CAO has adopted a decentralized approach to the management of risk and liability. This may be appropriate in many instances, but the work accomplished by McGladrey & Pullen suggests that the nature of some of the problems being identified do not lend themselves well to this approach. In fact, it may be more effective in some cases to utilize a centralized approach. The specific problem being investigated may well require a hybrid of each approach to capitalize on the advantages of each.

The utilization of a decentralized approach to Risk Management increases the attention required in developing and improving effective monitoring or auditing systems. These systems are essential to ensure that both the Board and the CAO are able to detect and correct systemic or managerial deficiencies early. Without the appropriate emphasis on monitoring and/or auditing systems to support a decentralized management approach, the County would lack the ability to identify the need to revise decisions when significant changes in conditions occur. As a result of inadequate monitoring and auditing the process becomes increasingly uncontrolled and liable to inefficiency and abuse.

McGladrey & Pullen recommend that the financial and human resources currently allocated to risk management by RIMA, and those activities in support of this function carried out by County Counsel, be consolidated into a single liability program unit.

They claim annual savings of approximately $36,700 as a
result of this action. The report states that the "...current division of responsibilities result in an inefficient use of available resources." It appears from the McGladrey & Pullen study that "...greater emphasis on risk management, contract service provider management, and loss control services..." would be beneficial to the program. To insure that this objective is being accomplished, the current staffing structure and organizational assignments within risk management requires review by the CAO. Any revision made to this structure should be accomplished in concert with a CAO review of program priorities to avoid any unintended reprioritization within the program.

The work undertaken by the Commission and McGladrey & Pullen in the Risk Management Program indicates that several areas may provide contracting out opportunities for the County. An analysis of this operational alternative could identify those possibilities for significant cost savings. A determination on whether the maintenance of internal staff capability to perform a function is more cost effective than contracting out cannot be made prior to the conduct of a suitable cost analysis. (See Economy and Efficiency Commission Report, A Review of Actions Taken by Los Angeles County on Proposition A Contracting Requirements, June 1993.)

Recommendation:

3. Direct the Chief Administrative Officer in conjunction with County Counsel and the Auditor-Controller to change the Risk Management Program with the objective of improving efficiency and report to the Board on how to institute the necessary capabilities and operating processes to address tort liability risk, including timetables. Consideration will be given, in this and all subsequent recommendations, to all the specific recommendations in the McGladrey & Pullen study, as detailed on pages 46 through 57; that is, compelling arguments must be provided as to why the McGladrey & Pullen recommended course of actions will not be pursued.

4. Direct the Chief Administrative Officer to identify savings accruing as a result of any revision in organization or resource allocation identified in the preceding recommendation and, upon implementation, reduce the appropriate budget unit(s) by the corresponding amount.
5. Direct those departments involved in risk management activities to review personnel assignments to insure that individuals are properly trained and equipped to fulfill the responsibilities that they have been assigned.

6. Direct the Chief Administrative Officer to report to the Board on opportunities within the Risk Management Program for contracting out.

7. Direct the Chief Administrative Officer to identify savings accruing as a result of contracting out opportunities identified in the preceding recommendation and reduce the appropriate budget.

CLAIMS ADMINISTRATION

Discussion:

McGladrey & Pullen recommend that the schedule of settlement authority be revised to provide for increased flexibility in the settlement of claims. To the extent that this solution would facilitate "...early settlement of legitimate claims involving clear liability and verified damages." the Commission supports the recommendation. Such a revision in settlement authority requires additional justification based upon an in-depth analysis by the CAO with significant input from the County Counsel and other affected departments.

It is clearly to the advantage of the County to arrive at "...early and cost effective resolution of claims..." To achieve this objective the Commission supports "...innovative and cost-effective dispute resolution." The resulting cost savings could potentially provide substantial savings. This position is supported in the May 5, 1993 Commission letter which recommended the utilization of an arbitration or mediation process. Recognizing this potential for savings, it would be prudent program and cost impacts of various types of alternative risk management strategies. Possibilities such as those available in the transfer of risk, whenever appropriate, could reduce the County’s loss exposure.
While there is a cap on the total charges for the first 1800 transferred claims, a schedule for charges is the only contractual control over any additionally transferred claims. Neither time committed to each claims nor the total cost potentially incurred is specified. The average cost per claim would assumed to be monitored by staff in efforts to control costs and would, most likely, be successful. The probability of the success of procedure is not the question. What a contractua provision to control these costs accomplishes is the possibility that such a situation could arise within the terms of the agreement. The transfer of 971 claims from Adjusto Inc. clearly demonstrates that unanticipated actions such as this can significantly affect the costs associated under the negotiated contract. This situation suggests that within future contracts increased attention be placed on accommodating the possible escalation in the amount of claims processed and on considering other operational alternatives that may be available to the County, i.e. renegotiating the terms of the contract to consider this contingency, developing alternative sources for referral of claims, analyzing the costs of keeping these excess claims in house, etc.

A further consideration in claims administration is the type and frequency of audits conducted. The McGladrey & Pullen research has indicated that the format and frequency of audits conducted by Los Angeles County differs from that of other comparable organizations surveyed. They found in their study that no audit has been conducted by an outside agency on the performance of either CWC or PRM. The lack of an audit is not meant to reflect upon the performance of either CWC or PRM, but as a standard practice this does not exhibit a prudent approach to the management of this activity. Considering the fees being paid, the disposition of cases, the comparable procedures of other large public agencies and the exposures faced by the County as a result of not conducting an audit, it seems that a periodic audit by independent claims auditors is justified. It would be reasonable to expand this audit to encompass the efforts of the County Counsel staff with the object of recommending areas in which further advancement can be achieved.

Recommendations:

8. Direct the County Counsel, in coordination with the Chief Administrative Officer, to review the current schedule of settlement authority and report to the Board on their appropriateness.
9. Direct the Chief Administrative Officer, in coordination with the County Counsel, to report to the Board on how best to implement alternative risk management strategies. (See Recommendation #1 concerning arbitration and/or mediation.)

10. Direct the Chief Administrative Officer to identify savings accruing as a result of implementing alternative risk management strategies identified in the preceding recommendation and reduce the appropriate budget units(s) by the corresponding amount.

11. Direct County Counsel to review and report to the Board on the most effective means of managing contracted claims.

12. Direct the Chief Administrative Officer to report to the Board on the cost and benefits of having independent claims audits conducted, on a periodic basis to be recommended by him/her.

**LEGAL DEFENSE AND SUBROGATION**

Discussion:

The number of firms currently on the approved defense panel makes the monitoring and/or auditing of outside firms difficult and increasingly costly. The recommendation made by McGladrey & Pullen to reduce the number of firms has the advantage of providing incentives to firms to be successful, since it is assumed the most successful would be selected to be on the panel. Reducing the size of the numbers monitored would likely increase the County's control over the Risk Management Program while reducing costs. The Commission, on the other hand, recognizes that the County, may accept the costs of maintaining an expanded defense panel because of other considerations, i.e. continuity of operations, fairness, etc. If these considerations are determined to be overriding, it is important that the decision-maker realize and fully understand the costs that are incurred as a result of decisions made on these basis.

When considering possibilities for reductions in tort liability costs, the levels of expenditures in both Judgements and Settlements and in Defense Costs, dictate that most of the attention in any analysis be placed in these areas. The recent increases in both of these categories
further emphasize their importance in addressing any cost reduction strategy. Of the two categories, a review of Defense Costs, as a result of providing a more discrete process, may offer the possibilities for savings in a more realistic timeframe. To effectively address the savings possibilities the County Counsel should review the utilization of outside counsel for possible improvement to the program. Additional effort will have to be given to Judgement and Settlements costs by both the CAO and the County Counsel.

Claims involving subrogation (the assumption of an obligation for which another is primarily liable) are currently being referred to the Internal Services Department or the Tax Collector. McGladrey & Pullen state that this is an unusual procedure implying that other programs, specifically that of the RTD, are collecting a greater amount than the County. This may be true, but since no data is provided on Los Angeles County collections it is not possible to make a comparison. Aside from this comparison difficulty, the point is well taken that consideration should be given to contracting out this activity. Prior to making this recommendation a cost analysis is necessary to determine the relative efficiencies of the available operational alternatives.

Recommendations:

13. Direct the County Counsel to review and report to the Board as to the maximum number of firms on the defense panel that can be monitored effectively, the costs incurred as a result of exceeding that number and the best means by which to recognize cost reduction and successes of these firms.

14. Direct the County Counsel to review and report to the Board on the assignment of cases to defense counsel, from identification of need to completion of the case.

15. Direct the Chief Administrative Officer, in coordination with the County Counsel, to study the possibility of contracting out subrogation actions and recommend to the Board to most effective approach.

16. Direct the Chief Administrative Officer to identify
savings accruing as a result of contracting out subrogation actions identified in the preceding recommendation and reduce the appropriate budget unit(s) by the corresponding amount.

17.

BUDGETING AND ACCOUNTING
Discussion:

Based upon the work accomplished by McGladrey & Pullen, the current system used in charging liability costs to departments requires additional emphasis. The Commission concurs that "...for such a policy to be effective, it must be administered consistently, on timely basis, and in a manner easily understood by department managers." The implementation of a system "...different from the one developed by the CAO's office and approved by the Board" and that has "...no written documentation..." does not appear to be thoughtful in its approach to systems development. It is generally recognized by governmental management that the availability of accurate and timely data is crucial to the management of risk. Without an intimate knowledge of the losses to be managed and knowledge of the benefits to be realized and the impacts of the costs to be incurred, a department head will not be able to effectively propose alternatives. As a result he/she is placed in jeopardy of taking inappropriate and potentially costly action, i.e. over or undercharging agencies for services. A proper analysis of financial data can indicate those exposures to potential losses which deserve further analysis of the detailed records underlying this data.

Review of statements made in the study submitted by McGladrey & Pullen, and after further discussions with individuals in the County knowledgeable in this area, indicates that it was difficult for the County systems to provide the level of expenditures being incurred in each of the areas of liability exposure within the County. This was also a problem in determining the dollar amount of each of the components of tort liability cost. Lacking the capability to readily establish costs within specific categories of expenditure may preclude the County from focusing its efforts on those specific areas of greatest exposure rather than on the general overall liability. Without an understanding of costs by category the County would not able to determine if, or when, any changes in loss occurrence or costs may occur. This situation would restrict the ability of the County to effectively respond to these changes, most likely through a reallocating resources. Not having this type of information readily
available also impedes the County in its evaluation of the relative efficiencies of individual program elements or in making comparisons with other like organizations.

Recommendations:

17. Direct the Chief Administrative Officer to review and report to the Board on a cost system that can be implemented to monitor, control and report in a timely manner, on risk and liability costs. This report should address the recommendations made in the McGladrey & Pullen Study concerning cost systems.

18. Direct the Chief Administrative Officer, in coordination with the Auditor-Controller, to develop and system of costing within the Risk Management Program that will enable comparative efficiencies to be identified and acted upon.

RISK MANAGEMENT INFORMATION SYSTEMS

Discussion:

When developing and managing an information system that is to be used by various departments, it generally recognized that it is necessary to assign this responsibility to a system’s administrator and/or responsible organization. This person has the authority to coordinate requirements. He/she considers the requirements of each user and develops a system that will respond to these requirements in the most efficient manner possible. This form of system assignment also facilitates the assignment of accountability for the efficient management of the system.

Since risk management information system coordination is not being accomplished in a meaningful manner by the County, departments are placed in the position of creating independent and hybrid systems to fulfill their needs. This leads to both duplication of work and increases in costs. To support this position, McGladrey & Pullen cite the following, “The Department of Public Works uses a combination of old database programs and manual record keeping to track down the status of cases and claims. They
receive summons and complaint data from County Counsel and enter that data into their systems. This is the identical information stored at County Counsel.” Evidence suggests that revision to systems used in managing claims within both Public Works and the Sheriff’s Departments would significantly improve the efficiency of these operations and would result in meaningful savings.

Recommendations:

19. Direct the Chief Administrative Officer for the development and coordination of a Strategic Risk Information System Plan to include the establishment of liability and cost data that effectively responds to the requirement of the claims management function.

20. Direct the Chief Administrative Officer to submit to the Board a report on the savings to be achieved within departments as a result of the development of the Strategic Risk Information System Plan proposed in the preceding recommendation and reduce the appropriate budget unit(s) by the corresponding amount.

The Commission's review of the policy and procedures used in the Risk Management Program indicates that the County could potentially derive significant savings by addressing efficiencies in its structure and procedures. What is important about the results of this study is the identification of those areas within risk management that hold a significant potential for operational improvement and dollar savings. Additionally, while achieving these benefits, it is possible for the County to provide an increase in the level of service, which would result in additional positive impacts. Significant savings can be achieved by the County by a thorough review of the current procedures and practices of the Risk Management Program. This potential more than justifies the effort that will be required in the implementation of the recommendations made in this report.

The Commission has prepared the attached Implementation Plan based upon the assumption the Board of Supervisors will accept the recommendations made in this report. If any recommendations are deleted, or in some other manner modified, this plan will be modified accordingly.
McGladrey & Pullen has been engaged as part of their contract to assist the Commission in a review of the actions taken to implement the recommendations made in this report. Upon completion of this review, currently scheduled to begin six months after adoption of this report by the Board, the Commission will submit its findings and any further recommendations to the Board of Supervisors.
### Proposed Implementation Plan

#### RECOMMENDATIONS

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<tr>
<td>15</td>
<td>Study and make recommendations on contracting out of subrogation actions.</td>
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<tr>
<td>16</td>
<td>Identify savings resulting from contracting out subrogation cases.</td>
</tr>
<tr>
<td>17</td>
<td>Review and report on cost system to monitor, control, and report risk and liability costs.</td>
</tr>
<tr>
<td>18</td>
<td>Develop cost system to identify and act on comparative efficiencies.</td>
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<tr>
<td>19</td>
<td>Develop and coordinate a Strategic Risk Informations Systems Plan.</td>
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<tr>
<td>20</td>
<td>Report on saving to be achieved from Strategic Risk Information Systems Plan.</td>
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<tr>
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