

# Performance Audit of the City's Public Liability Management

*A More Proactive, Enterprise Risk Management Approach Is Needed to Effectively Reduce Public Liability Costs, and Will Also Help Mitigate Risks to the City's Major Strategic Initiatives*

## Why OCA Did This Study

The City spends substantial financial and human resources to process, litigate, and settle public liability claims against the City, such as trip and falls, City vehicle accidents, and alleged police misconduct. During Fiscal Year 2010 to Fiscal Year 2018, the City closed approximately 20,000 public liability claims and incurred \$220 million in public liability costs to settle or otherwise resolve these issues. In addition to financial costs to the City government and taxpayers, public liabilities also frequently cause physical or emotional harm to affected residents and visitors, reducing their quality of life and damaging the City's reputation in the eyes of the public. In this audit, we evaluated how the City is identifying and addressing the myriad of public liability risks it faces.

## What OCA Found

The City of San Diego and its operational departments largely take a reactive approach to risk identification and mitigation, both for public liabilities as well as risks to broader strategic goals. As a result, the City is likely incurring higher costs than necessary and may be falling behind the strategic advances in managing risk made by other large public and private organizations that employ industry-standard best practices, such as Enterprise Risk Management (ERM).

**Finding 1:** We found that while some departments have taken an effective approach to proactively avoid the realization of risk events, the City's public liability risk mitigation efforts are largely decentralized and siloed within individual City departments, resulting in a lack of coordination and information-sharing and inconsistent and reactive risk mitigation processes for public liabilities. To determine whether the City's decentralized approach is effective at minimizing its public liabilities, we reviewed trip and fall and City vehicle accident claims in more detail. Specifically, we found:

- The City's does not sufficiently prioritize sidewalk defect repairs in high pedestrian usage areas where future trip and fall liabilities are most likely to occur; and
- The City's vehicle accident risk mitigation efforts could include additional proactive vehicle trainings tailored specifically to operational departments and provided to all City vehicle drivers on a consistent basis.

**Finding 2:** We found the City does not systematically and consistently identify, assess, and develop mitigations for risks to the City's strategic objectives. The absence of a robust and proactive risk management framework likely results in unnecessarily high-risk exposure, such as inefficiencies, failure to achieve strategic goals, and higher costs.



Source: City of San Diego

## What OCA Recommends

We made 9 recommendations to address the issues outlined in the report and ensure the City is reducing its strategic and operational risk exposure as well as minimizing the number of public liability claims and costs.

Key recommendations include:

- Designating an executive position to serve as the City's ERM manager, and providing this official and the City's Risk Oversight Committee with sufficient authority and resources to implement and lead an enterprise-wide risk management framework;
- Requiring operational departments to complete risk assessments on an annual basis and regularly review and adjust risk mitigation plans as needed;
- Documenting and implementing a procedure to prioritize sidewalk repairs in high pedestrian usage areas;
- Expanding the availability of proactive driver training that is customized based on each department's most common causes of vehicle accidents, and the types of vehicles involved;
- Developing a dashboard to provide City departments with comprehensive and department-specific claims data on-demand; and
- Recording and tracking public liability-related corrective actions in a manner that is accessible to City departments and personnel.

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