



City of Albuquerque

Office of Internal Audit

FOLLOW-UP OF THE
CITY VEHICLE COLLISION REPAIRS - DEPARTMENT OF
FINANCE AND ADMINISTRATIVE SERVICES

Report #21-19-101F

Date: April 28, 2021

INTRODUCTION

The Office of Internal Audit (OIA) issued Audit No. 19-101, City Vehicle Collision Repairs- Department of Finance and Administrative Services on February 27, 2019. OIA has completed a follow-up to determine the corrective actions that the Department of Finance and Administrative Services (DFAS) has taken in response to the report. The report contains four recommendations, all of which have been implemented and are now closed.

BACKGROUND

OIA completed a performance audit of City of Albuquerque's (City) process for City Vehicle Collision Repair for the period of July 1, 2016 through June 30, 2018. This audit was included in OIA's fiscal year (FY) 2019 audit plan. The audit objectives were to determine if:

- All accidents involving City vehicles were reported to risk management.
- Auto physical claims are reviewed to ensure that the estimated repair cost and service are reasonable and proper.
- Totaled vehicles are properly assessed and supported.
- Subrogation opportunities were properly pursued and documented.

Further information pertaining to the audit scope, limitations and methodology can be found in Appendix A of the original audit report.

DFAS's Risk Management Division (Risk Management) is responsible for overseeing and administering the collision repair of City vehicles. According to Risk Management, the key objective regarding City vehicle collision repair is to "adequately and cost effectively repair City vehicles with limited down time". Vehicle collision repair costs are paid from the City's Internal Service Fund 705 (Risk Management Fund). Internal Service Funds are established to finance, administer, and account for activities that provide goods or services to other departments on a cost-reimbursement basis. The City uses the Risk Management Fund to account for and finance its uninsured risk of loss.

Follow-Up
City Vehicle Collision Repairs - DFAS
Date: April 28, 2021

#21-19-101F

OBJECTIVE

The objective of this follow-up was to determine whether DFAS has taken the corrective actions recommended in OIA'S February 27, 2019 audit report on City Vehicle Collision Repair. Consistent with Government Auditing Standards, Section 9.08, promulgated by the U.S. Government Accountability Office, the purpose of audit reports includes facilitating a follow-up to determine whether appropriate corrective actions have been taken. This field follow-up is a non-audit service. Government Auditing Standards do not cover non-audit services, which are defined as professional services other than audits or attestation engagements. Therefore, DFAS is responsible for the substantive outcomes of the work performed during this follow-up and is responsible to be in a position, in fact and appearance, to make an informed judgment on the results of the non-audit service. OIA limited our scope to actions taken to address our audit recommendation from the final audit report dated February 27, 2019 through the submission of actions on April 5, 2021.

METHODOLOGY

To achieve the objective, OIA:

- Obtained documentary evidence from DFAS.
- Interviewed DFAS to understand and verify the status and nature of the corrective actions taken.
- Verified the status of the recommendations that DFAS had reported as implemented.


RESULTS

Of the four recommendations addressed in the original audit report, all have been closed. See ATTACHMENT 1.

Follow-Up
City Vehicle Collision Repairs - DFAS
Date: April 28, 2021

#21-19-101F

SUBMITTED:

DocuSigned by:

15C18D8E99C84C1...

Sarah L. Faford-Johnson, Contract Auditor
Office of Internal Audit


REVIEWED :

DocuSigned by:

0F462D006A1E4C8...

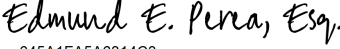
Marisa Vargas, Contract Auditor
Office of Internal Audit

APPROVED:

DocuSigned by:

07E2FA6E2FAD4AC...

Nicole Kelley, Acting City Auditor
Office of Internal Audit

APPROVED FOR PUBLICATION:

DocuSigned by:

645A1FA5A6314C3...

Edmund E. Perea, Chairperson,
Accountability in Government Oversight
Committee

ATTACHMENT 1

Recommendation	Responsible Agency	Department Response	OIA Conclusion	OIA Use Only Status Determination
<p><u>Recommendations</u></p> <p>1. The CAO should work with Risk Management to review and update the CAO Risk Management Manual to ensure it addresses the City's current operational practices.</p>	<p>Chief Administrative Officer (CAO)</p>	<p>The Risk Manual has been revised as of October 2019. The revision includes instruction on:</p> <ul style="list-style-type: none"> • City's threshold for determining total losses on first party vehicles. • Total Loss Salvage applicability for City vehicles. • Deductible charges for those losses that require a deductible. • Estimating procedures for Fleet vehicle accident claims. • The Risk Manual is attached for your review. Please see section 5.14 for estimating information. 	<p>OIA verified that Department of Finance and Administrative Services Risk Management Department (Risk Management) updated the <i>Chief Administrative Officer's Risk Management Manual</i>. (RMM) and that the stated revisions have been made. The <i>RNM</i> can be accessed by City staff through the employee intranet.</p>	<p><input type="checkbox"/> Open</p> <p><input checked="" type="checkbox"/> Closed</p> <p><input type="checkbox"/> Contested</p>
<p>2. Risk Management should review the performance of TPAs and vehicle collision vendors to ensure contract compliance and fulfillment of expectations.</p>	<p>Department of Finance and Administrative Services</p>	<p>This recommendation has not changed. Risk continues to utilize City employees to handle all first party accidents with in-house tort adjusters. Third Party Administrators (TPA's) are no longer used. Our first party Fleet process follows. We have worked with the Fleet division to finalize the accident related repairs of City owned vehicles. This process also includes first party vehicle damage estimating:</p> <ul style="list-style-type: none"> • Adjuster receives an email advising of loss • Adjuster contacts driver and secures incident/police report. • Vehicle is moved to the repairing facility. • Claim is set up and assigned back to Adjuster. • Contact is made with the body shop. • Independent property estimators are sent to appraise damages. 	<p>Per Risk Management, the department employs two claims adjusters responsible for first party fleet vehicle claims negating the need for Third Party Adjusters. Further, the City no longer contracts with vehicle collision vendors, instead the City maintains a list of authorized auto body repair shops to be used on a rotating basis. Further, per Risk Management, the three shops on the list have performed to the expectations outlined by the Risk Management Fleet Division.</p>	<p><input type="checkbox"/> Open</p> <p><input checked="" type="checkbox"/> Closed</p> <p><input type="checkbox"/> Contested</p>

ATTACHMENT 1

Recommendation	Responsible Agency	Department Response	OIA Conclusion	OIA Use Only Status Determination
		<ul style="list-style-type: none"> • Estimate is reviewed by the Adjuster and permission to repair is extended. • If the vehicle is deemed a total loss, it is towed to Pino Yards – Fleet handles all salvage from this point forward. • Once repairs are completed they are reviewed and the damages are paid direct to the body shop. • Risk does not hold any contracts with body shops or repair facilities. All payments, for accident related damages, are made out of the claim file. • Assignments to the body shops continue to be made on a rotation basis. 		
<p>3. Risk Management should:</p> <ul style="list-style-type: none"> - Clarify in the CAO Risk Manual that all accidents must be reported to Risk Management regardless of claims status or amount; and - Remind all departments that vehicle accidents should be reported regardless of claims status or amount. 	<p>Department of Finance and Administrative Services</p>	<p>The Risk Manual now includes directives relative to how to report an incident/accident to the Risk Management Department. Risk Management has developed a direct, online, reporting tool for City employees to utilize for reporting. The tool has been published to City employees and rests under "Self Service" on the e-web.</p> <p>https://employee.cabq.gov/psp/hrmprod/EMPL_OYEE/HRMS/c/COA_CUSTOM_SS.COA_FORM_REQ.GBL?formid=IncidentReportV1e</p> <p>Risk provides all City employees with online COP training. This training addresses all aspects of the COP program including access, use of the portal and the critical importance of complying with the COP policy. This training can be found here: https://psu-abq.teachable.com/p/cop</p> <p>The slide is attached for your review. https://learning.cabq.gov/psp/elmprod/?cmd=l</p>	<p>As of October 2019, the RMM has been updated to include information on the City's incident/accident reporting requirements. In addition, Risk Management has developed an online reporting tool for City employees to utilize in the reporting process. The online portal can be accessed through the employee intranet at <i>City of Albuquerque Employee Incident/Accident Report Form</i>. Risk Management also requires all City Employees with access to a City vehicle to complete a defensive driving training course. The COP course reviews traffic laws, defensive driving, causes of traffic accidents, vehicle inspection, accident procedures and the COP policy. Once the course has been completed, the permit will remain current for four consecutive</p>	<p><input type="checkbox"/> Open</p> <p><input checked="" type="checkbox"/> Closed</p> <p><input type="checkbox"/> Contested</p>

ATTACHMENT 1

Recommendation	Responsible Agency	Department Response	OIA Conclusion	<u>OIA Use Only</u> Status Determination
		ogin	years. The City Operator Permit course can be found at: https://psu-abq.teachable.com/p/cop <i>CABQ Defensive Drivers Training for City Operators Permit.</i>	
4. Risk Management should maintain a comprehensive database of vehicle collisions by employee that would enable them to perform the requirements outlined in the CAO Risk Manual and COP policy.	Department of Finance and Administrative Services	Risk has implemented the Origami system mentioned prior. Origami houses all Risk claim files as well as incident reports provided to Risk by individual departments. Some City departments have in-house accident review boards. These boards provide Risk with incident data either monthly or quarterly. Incident information can be queried within the Origami system. City Operator Permits (COP's) are reviewed as the newer accidents are entered.	Risk Management continues to utilize the City's cloud-based system, Origami, an entirely claim based portal, for administration of risk claims data. Further, per Risk Management, all City departments are required to report incidents to Risk Management immediately or before the close of the next business day, allowing Risk Management to track and store the incident in the Origami system.	<input type="checkbox"/> Open <input checked="" type="checkbox"/> Closed <input type="checkbox"/> Contested