

PROGRAM FACT SHEET

Arizona Department of Administration—Financial Services Division
Risk Management

Services:

Risk Management, one of three programs within the Department of Administration's Financial Services Division, provides a variety of services and fulfills several responsibilities through the following units:

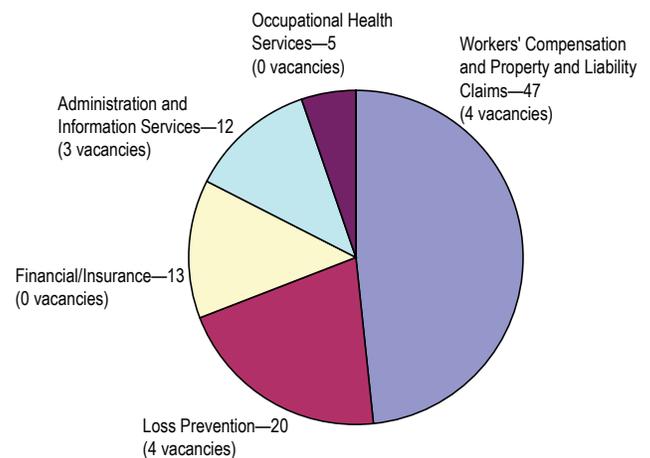
- **Workers' Compensation**—Processes workers' compensation claims on behalf of state employees injured in the course and scope of their employment and determines wage, medical, surgical, and hospital disability benefits as provided by law under the Arizona Workers' Compensation Act.
- **Property and Liability Claims**—Investigates, evaluates, negotiates, and settles claims against the State, including third-party general liability, third-party auto liability, personal injury, third-party bodily injury, and property claims.
- **Loss Prevention**—Works with state agencies to reduce or eliminate their exposure to risk by providing advice and assistance in a variety of areas, including property, liability, environmental, and worker protections.
- **Finance/Insurance**—Provides financial and accounting services, purchases excess and catastrophic insurance to supplement state-funded self-insurance, calculates state agency insurance charges, and provides agency support and customer service related to insurance matters.
- **Occupational Health Services**—Provides physical examinations to potential state employees after an offer of employment has been extended, including scheduling, evaluating, and paying for these examinations for various state agencies.

Facilities and equipment:

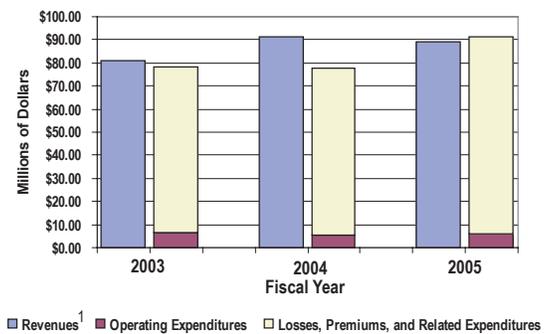
Risk Management occupies 15,048 square feet of office space in the Department's building at 100 North 15th Avenue in Phoenix. The Department leases this building under the PLTO (private lease-to-own) program and during

Program staffing:

97 positions with 11 vacancies as of March 1, 2005



Program revenues, expenditures, losses, and premiums:



¹ Consists of insurance charges assessed to state agencies.

² Consists of property claims, settlements, payments to workers' compensation beneficiaries, and related legal and other costs.

fiscal year 2005, was scheduled to pay approximately \$2.6 million in rent for the entire building. This amount increases annually until fiscal year 2027, when the Department is scheduled to make rent payments of \$4.46 million for this building. Risk Management's equipment includes typical office equipment.

Mission:

To provide timely, high-quality, and cost-effective services to agency customers and the public for the State's property and liability exposures, and to our state employee customers who have work-related injuries.

Program goals:

1. To deliver customer service second to none.
2. To aggressively pursue innovative solutions and/or opportunities.

Adequacy of goals and performance measures:

Risk Management has developed performance measures that are generally in line with its goals, and include input, outcome, efficiency, and quality measures. However, Risk Management could benefit from additional goals and performance measures that would provide more information on its activities. For example, while it does have some measures that report on activities related to property and liability, and workers' compensation claims, it has not established any measures to reflect its handling of these claims, such as the ratio of open-to-closed property and liability and workers' compensation claims, whether these claims are approved or denied, whether these claims are processed in a timely manner, and the percentage of claims with attorney involvement.

Likewise, Risk Management does not have a goal or performance measures regarding its work with agencies on loss prevention activities. A loss prevention goal and associated performance measures might focus on the number of new programs implemented to limit the State's future liability and the number of state agency consultations performed. Establishing a broader array of goals and performance measures would better reflect the variety of functions that Risk Management performs and better inform stakeholders, including the Legislature, of these activities and their outcomes.

Source: Auditor General staff compilation of unaudited information obtained from the Arizona Financial Information System (AFIS) for the years ended June 30, 2003 and 2004; Master List of State Government Programs; and other information provided by the Department, including financial estimates for the year ending June 30, 2005.