



FOR IMMEDIATE RELEASE

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## **Controller Kenneth Mejia Announces Audit of the City of LA's Risk Management Practices To Reduce Harm And Liability Payouts**

LOS ANGELES – LA City Controller Kenneth Mejia announced today that the Controller's Office will be starting a performance audit of the City of LA's risk management practices to reduce harm and liability payouts. The primary goal of the audit is to evaluate the City's risk management efforts to reduce City liability payouts from the General Fund.

The audit will focus on evaluating at the Citywide and departmental levels:

- How effectively risk management processes identify, evaluate, respond to, and monitor risks to reduce potential liability payouts
- Issues that hamper effective risk management

City liability payouts have recently reached all-time highs, with total liability costs rising annually for the last five fiscal years. In a previous report on risk management, the Controller's Office noted that the City paid \$35 million in liability claims in 2006, or about \$54 million in 2024 dollars. In FY 2023-24, the City's liability payouts topped \$254 million, while payouts for FY 2024-25 are estimated to be more than \$286 million, an increase of more than 500% in 20 years.

Controller Mejia stated, "Liability payouts are a major reason that the City is in a fiscal emergency. Behind each payout is an example of City government failing to serve and meet the expectations of its constituents.

"Our office is launching this audit because the City must do everything in its power before the risks lead to injuries and death – and the claims, litigation, and payouts that follow. We must do better."

The audit will be conducted by the civil service Audit Services Division of the Controller's Office.

### Audits and Assessments by City Controller Kenneth Mejia's Office

- Affordable Housing Oversight
- Tenant Anti-Harassment Ordinance
- Pathways to Permanent Housing
- LAPD Military Equipment
- LAPD Helicopters
- Interim Housing

IN PROGRESS:

- LAPD Mental Evaluation Unit
- CARE/CARE+
- Animal Services
- Risk Management

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