

**COMMUNITY COLLEGE** 2018 Audit Programs

June 30, 2018

**INSURANCE AND SELF INSURANCE**

<b>PROCEDURE</b>	<b>OBJ.</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
<b>Audit Objectives and Related Assertions:</b>  <b>A. Claims paid are recorded correctly as to account, amount and period and are disbursed in accordance with the College's policies and procedures for claims settlement. (5,6,7,8)</b>  <b>B. Reserves for claim losses represent a reasonable estimate of the College's liability for claims filed and incurred but not reported (IBNR) claims. (1,2,3,4)</b>  <b>C. Insurance (self-insurance) revenues, transfers, expenditures, assets, liabilities and fund equity are properly classified and described in the fund financial statements and related disclosures are adequate. (9,10,11,12,13)</b>  <b>D. The College has complied with applicable laws and regulations.</b>  <b>Audit Procedures:</b>  <b>A. Inquire about the College's policies and procedures for administering and financing insurance claims, including whether insurance policies are carried for complete coverage of some or all risks or only for excess liabilities.</b>  <b>B. Prepare a work paper to summarize amount and type of significant coverage. Review coverage to:</b> 1. Determine if reasonable and current. 2. Determine if capital assets are adequately insured. 3. Determine significant areas in which risk is retained.  <b>C. Verify and review surety bond coverage for reasonableness and compliance with statutory requirements for all officials and employees in accordance with Chapters 260C.12 and 291.2 of the Code of Iowa.</b>  <b>D. If a separate Insurance Fund has been established, consider analytical procedures such as comparing claims expenditures and other fund transactions (i.e. employee contributions, insurance premiums and administrative fees) to the prior period actual and relate to the number of covered employees (if applicable).</b>	C				
	A				

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E. Review charges by the Insurance Fund to other funds and determine if they are in accordance with GASB 10 (GASB Codification, Section C50.120 and 124):	A				
F. Review estimates of losses from claims with a responsible official and determine if properly recorded as an expenditure/expense and liability. Estimates should include:	B				
1. Reported claims that meet criteria of GASB Codification, Section C50.110-118.					
2. Incurred but not reported (IBNR) claims that meet criteria of GASB Codification, Section C50.113-114. Determine the basis used to estimate IBNR claims is reasonable.					
3. If the College participates in a public entity risk pool and is subject to a supplemental premium assessment, an accrual should be made if the likelihood of such assessment meets the criteria of GASB Codification, Section C50.132.					
4. If the College participates in a public entity risk pool but is not subject to a supplemental premium assessment, review economic viability of pool with responsible official and determine if liability should be recorded based on certain conditions.					
5. If the College participates in a public entity risk pool, inquire with responsible officials about the College's plans for continuing its participation into the pool. If the College has plans to terminate its membership, determine if additional liabilities should be recorded based on terms of the agreement to participate.					
G. If the College has a self-funded health insurance plan, including self-funded deductibles:	B,D				
1. Obtain a copy of the actuarial report required by Chapter 509A.15 of the Code of Iowa.					
2. Examine report to determine reasonableness of reserves. Determine if additional liability should be recorded in the College's financial statements.					
3. Determine if a copy of the actuarial opinion and annual financial report were filed with the Insurance Commissioner within 90 days of year-end.					

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<p>4. If an actuarial report was not obtained because the College qualified under Chapter 509A.15(4) of the Code of Iowa, determine a waiver was properly requested to the Iowa Insurance Division.</p> <p>H. If an outside administrator or service company is used:</p> <p>1. Obtain a copy of the annual report on the status of the program.</p> <p>2. Review report for estimates of liabilities for claims filed and IBNR claims.</p> <p>3. Compare report with prior periods and discuss any unusual variances with responsible official.</p> <p>4. Compare amounts in report with recorded estimated liabilities.</p> <p>I. Determine the adequacy of financial statement presentation and disclosures.</p> <p>1. Financial statement presentation considerations should include:</p> <p>a. If the College participates in a public entity risk pool in which there is no transfer of risk to the pool or pool participants, contributions to the pool should be reported as either deposits (if not expected to pay claims) or as reductions of claims liability (if used to pay claims) in accordance with GASB 10 (GASB Codification, Section C50.135) and SOP 98-7 (Statement of Position).</p> <p>b. If the College made contributions to a public entity risk pool with transfers or pooling of risk:</p> <p>1) Determine contributions are recorded as deposits if a return of those contributions is probable.</p> <p>2) If not probable, then determine contributions are recorded as prepaid insurance to be allocated as expenditures/expenses over future periods or, alternatively, as expenditures in governmental funds in the period made.</p>	<p>A,B</p> <p>C</p>				

