

CITY 2017 Audit Programs

June 30, 2017

INSURANCE AND SELF INSURANCE

| PROCEDURE | OBJ. | DONE BY | W/P REF | N/A | REMARKS |
|---|-------------|--------------------|--------------------|------------|----------------|
| Audit Objectives and Related Assertions: | | | | | |
| A. Claims paid in the period are recorded correctly as to account, amount and period and are disbursed in accordance with the City's policies and procedures for claims settlement. (5,6,7,8) | | | | | |
| B. Insurance (self-insurance) receipts, disbursements, transfers and fund balance are properly classified and described in the financial statements and related disclosures are adequate. (9,10,11,12,13) | | | | | |
| Audit Procedures: | | | | | |
| A. Inquire about the City'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. Prepare a workpaper to summarize amount and type of significant coverage. Review coverage to: | B | | | | |
| 1. Determine if reasonable and current. | | | | | |
| 2. Determine significant areas in which risk is retained. | | | | | |
| C. 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). | A | | | | |
| D. If an outside administrator or service company is used: | A,B | | | | |
| 1. Obtain a copy of the annual report on the status of the program. | | | | | |
| 2. Compare report with prior periods and discuss any unusual variances with a responsible official. | | | | | |
| 3. Determine if unexpended balances on hand with outside administrator/service company should be included as cash balances of the City. | | | | | |

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|---|------|---------|---------|-----|---------|
| <p>E. Determine adequacy of financial statement presentation and disclosures. Disclosures should include:</p> <ol style="list-style-type: none"> 1. Description of risks of loss the City is exposed to and ways in which those risks are handled (i.e., purchase of commercial insurance, participation in a public entity risk pool or risk retention). Describe significant reductions, if any, in insurance coverage from the previous year by major category of risk and any settlements in excess of insurance coverage in any of the prior three fiscal years. 2. If the City participates in a public entity risk pool, describe the nature of participation and rights and responsibilities of the City and the pool. 3. If the City retains some risk of loss, include the additional disclosures required by GASB 10 (GASB Codification, Section C.50.144(d)). 4. For Internal Service Funds, also disclose any deficit fund balance. <p>F. Determine if the risk of material misstatement due to fraud or error has changed based on results of substantive tests performed. If so, perform appropriate procedures.</p> <p><u>ALTERNATE/ADDITIONAL PROCEDURES:</u></p> <p><u>CONCLUSION:</u></p> <p>We have performed procedures sufficient to achieve the audit objectives for insurance and self insurance and the results of these procedures are adequately documented in the accompanying workpapers.</p> <p>Incharge _____ Date _____</p> <p>Manager _____ Date _____</p> <p>Independent Reviewer _____ Date _____</p> | B | | | | |