



State of Oklahoma
Oklahoma Employees Insurance and Benefits Board
Oklahoma Health Care Authority
OEIBB Statement of Audit Policy

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I. BACKGROUND

The Oklahoma Employees Insurance and Benefits Act (OEIBA) Program was established by 74 O.S. §§1301 et seq. for the benefit of state and education employees and employees of other state governmental entities authorized by the OEIBA to participate in plans offered through the State of Oklahoma.

- The OEIBA Program is administered through the Oklahoma Health Care Authority (OHCA) Employees Group Insurance Division (EGID).
- The Oklahoma Employees Insurance and Benefits Board (OEIBB) was created by 74 O.S. §1304.1 to oversee the operations of EGID in an advisory capacity with reporting responsibilities to the Chief Executive Officer of OHCA.
- The Chief Executive Officer of OHCA and the OEIBB have established a Fiscal and Investments Committee to monitor and oversee the financial integrity of EGID.

EGID maintains statutorily created funds that comprise the self-funded, multi-employer benefit plans offered to active and retired state, education and local government employees in Oklahoma. In addition, EGID collects and distributes premium dollars for multiple commercial carriers that provide alternative coverage to those offered directly through EGID's self-funded plans. The total premium dollars involved for the OEIBA Program as a whole are in excess of one billion dollars per year. Failure to operate in a prudent manner could interrupt insurance coverages of over a quarter of a million covered lives.

II. PURPOSE AND OBJECTIVES OF THE POLICY

In accordance with 74 O.S. § 1305.1(1)(b), the Chief Executive Officer of OHCA and the OEIBB shall discharge their duties with respect to EGID "with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an

enterprise of a like character and with like aims”. Any commercial insurance group with the size and scope of the OEIBA Program would be required by Oklahoma law to ensure that an annual audit of its financial statements is conducted. This thereby provides a standard which would be expected of a prudent person in a like capacity and familiar with such matters.

This Statement of Audit Policy shall serve as the OEIBB’s official communication regarding its oversight of audit responsibilities for the funds held within and transferred from EGID. At a minimum, the OEIBB will formally review and update this policy annually at its November meeting.

III. AUDIT POLICY

1. EGID staff shall engage the services of an external Independent Auditor in accordance with State of Oklahoma purchasing requirements so as to ensure the performance of an annual external audit of EGID’s financial statements, reporting processes and internal control over financial reporting (ICOFR).
 - a. The Independent Auditor shall be an independent Certified Public Accountant with experience auditing entities similar in size and purpose to EGID.
 - b. The audit is to be conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.
2. The auditing responsibilities of the OEIBB are subsumed within the OEIBB Fiscal and Investments Committee (Committee). The Committee will assist the OEIBB in oversight of the following:
 - a. Monitoring the Independent Auditor’s independence and rotation of audit partners;
 - b. Reviewing the following with the Independent Auditor, EGID management and EGID’s internal audit executive:
 - i. The scope, planning and results of the audit;
 - ii. The integrity of the EGID’s financial reporting processes (both internal and external);
 - iii. All critical accounting policies and practices. This includes:
 1. All alternative treatments of financial information within generally accepted accounting principles related to material items that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the Independent Auditor; and
 2. Any significant changes in EGID’s selection or application of accounting principles; major issues as to the adequacy of EGID’s internal controls; and any special audit steps adopted in light of material control deficiencies.
 - iv. Any audit problems or difficulties and management’s response to such issues;
 - v. Any questions, comments or suggestions the Independent Auditor may have relating to the accounting practices and procedures and ICOFR of EGID; and
 - vi. Any other matters related to the conduct of the audit that are required to be communicated to the Committee under generally accepted auditing standards.
3. The OEIBB Fiscal and Investments Committee shall keep the OEIBB apprised of all significant issues raised during the external auditing process and shall make any necessary recommendations for further actions to the full OEIBB.