



Report Highlights

Office of Group Benefits

Division of Administration

DARYL G. PURPERA,
CPA, CFE

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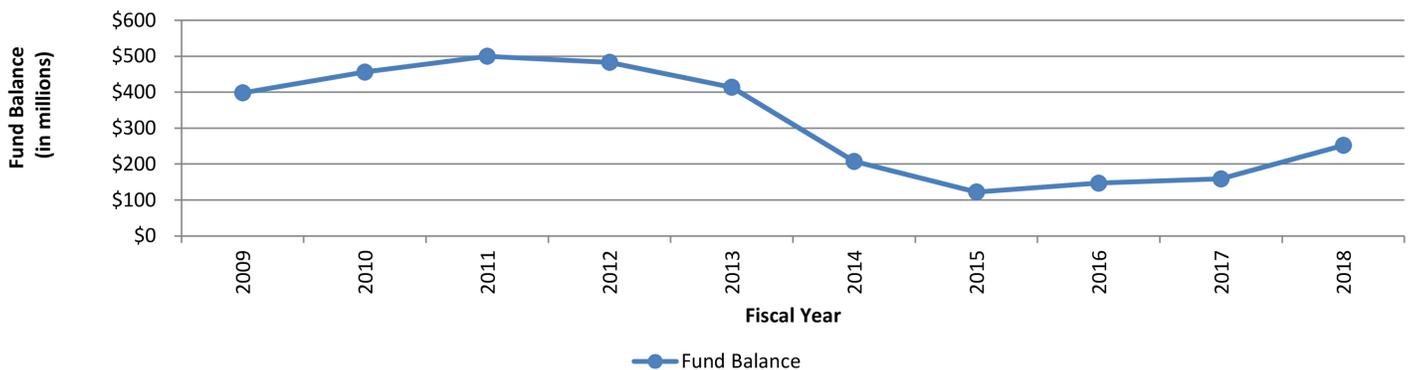
Why We Conducted This Audit

We performed certain procedures at the Office of Group Benefits (OGB) as a part of the audit of the Comprehensive Annual Financial Report of the State of Louisiana and to evaluate OGB's accountability over public funds for the period July 1, 2017, through June 30, 2018.

What We Found

- The OGB annual fiscal reports for the year ended June 30, 2018, were submitted to the Office of Statewide Reporting and Accounting Policy more than three weeks after the due date and contained errors requiring audit adjustments.
- Financial information relating to the following accounts was materially correct, as adjusted: premium revenues, health and drug claims expenditures, life insurance premium expenditures, and other postemployment benefits disclosures.
- The OGB fund balance is the accumulation of the surplus, or deficit, of revenues minus expenses over time and includes incurred but not reported claims. From a peak of \$500 million in fiscal year 2011, OGB's fund balance dropped to \$122 million as of June 30, 2015, primarily as a result of premium decreases in fiscal years 2012 and 2013 when health care cost trends were increasing. Due to health and drug plan changes and premium rate increases over the last few years, the fund balance has increased to \$252 million as of June 30, 2018, exceeding OGB's estimated target range of \$132 million to \$241 million reported in the actuarial forecast at the October 2017 board meeting. The chart below shows the changes in OGB's fund balance for the last 10 fiscal years.

Fund Balance - 10 years



Source: OGB Annual Fiscal Reports, as adjusted

View the full report, including management's response, at www.la.gov.