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**An Audit of the Office of the
Fire Fighters' Pension Commissioner**
Fiscal Year 2000 Financial Statements

June 11, 2001

Members of the Legislative Audit Committee:

The August 31, 2000, financial statements for the Office of the Fire Fighters' Pension Commissioner (Commission) fairly and accurately represent the financial position and results of operations of the Commission. We have two recommendations:

- The Commission should adopt a formal policy for rotating actuarial consultants. Given the importance of the actuarial process, it is prudent to consider periodically selecting a new actuarial consultant to get a fresh perspective.
- The Commission should continue its efforts to provide for better segregation of duties for:
 - Collecting and depositing pension contribution receipts.
 - Disbursing pension payments.
 - Administering pension records.

The Commission agrees that it should continue in its efforts to provide for better segregation of duties. The Texas Statewide Emergency Services Retirement Act (TSESRA) Board will consider if it should adopt a policy for the rotation of actuarial consultants.

We have provided the Commission with the *Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards*.

We appreciate the cooperation of the Commissioner and the Commission's staff. The Commission's Board of Trustees will receive details from this audit at a future board meeting. Please contact Carol A. Smith, CPA, Audit Manager, at (512) 936-9500 if you have any questions.

Sincerely,

Lawrence F. Alwin, CPA
State Auditor

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cc: Fire Fighters' Pension Commissioner Board of Trustees
Mr. Morris E. Sandefer, Commissioner

Objectives, Scope, and Methodology

Our objectives were to express an opinion on the Commission's financial statements for the fiscal year ended August 31, 2000, and to review compliance with applicable laws and rules.

The audit was conducted in accordance with applicable generally accepted auditing standards and *Government Auditing Standards*.

To achieve our objectives, we tested controls and material accounts as we deemed necessary to support our opinion. In addition, we tested compliance with laws and regulations primarily related to investments that may have a material impact on the financial statements.

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