

# **LBA Financial Audit Report Summary:**

New Hampshire Retirement System Management Letter For the Year Ended June 30, 1996

---

The New Hampshire Retirement System (NHRS) was established in 1967 to consolidate and replace four existing public employee retirement systems: The New Hampshire Teachers' Retirement System, the New Hampshire State Employees' Retirement System, the New Hampshire Policemen's Retirement System and the New Hampshire Permanent Firemen's Retirement System. The NHRS is the administrator of a cost-sharing multiple-employer contributory pension plan and trust that covers substantially all full-time state employees, public school teachers and administrators, permanent fire fighters and permanent police officers within the State of New Hampshire. Full-time employees of political subdivisions, including counties, municipalities and school districts are also eligible to participate as a group if the governing body of the political subdivision has elected participation. At June 30, 1996, there were 428 employers participating in the NHRS and 42,569 active members. There were also approximately 12,521 retirees and beneficiaries receiving benefits at June 30, 1996.

We audited the statement of net assets available for benefits of the New Hampshire Retirement System as of June 30, 1996, and the related statement of changes in net assets available for benefits for the year then ended, and issued our report thereon dated December 2, 1996.

This management letter, a product of the audit of the NHRS for the year ended June 30, 1996, contained an auditor's report on internal control structure, an auditor's report on state compliance and an auditor's report on management issues. An appendix, included as an attachment to the management letter, provided a summary of the June 30, 1996 status of reportable conditions and comments on NHRS' compliance with state statutes reported in prior management letters.

Reportable condition comments included in the letter recommended that the NHRS:

- Improve its utilization of existing controls over wire transfers and improve the segregation of duties over wire transfers to ensure that no one individual is in a position to both initiate and authorize wire transfers.
- Take steps to ensure that its check printing agent does not compromise the integrity of NHRS data through the lack of appropriate testing control procedures.

A management issue comment included in the letter recommended that the NHRS:

- Regard the building account maintained by the NHRS administrative office to be an agency account subject to the requirements placed on all such accounts held by state government organizations. As an alternative, the NHRS could have its real estate advisor or property manager operate the account, as is done for all of the NHRS' other real estate properties.