

LBA Financial Audit Report Summary:

New Hampshire Retirement System Management Letter For the Year Ended June 30, 1995

The New Hampshire Retirement System (the 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, 1995, there were 421 employers participating in the NHRS and 42,345 active members. There were also approximately 12,153 retirees and beneficiaries receiving benefits at June 30, 1995.

We audited the statement of net assets available for benefits of the New Hampshire Retirement System as of June 30, 1995, and the related statement of changes in net assets available for benefits for the year then ended, and issued our report thereon dated February 5, 1996.

This management letter, a product of the audit of the NHRS for the year ended June 30, 1995, contained an auditor's report on internal control structure and an auditor's report on state compliance. Appendix A, included as an attachment to the management letter, provided a summary of the June 30, 1995 status of reportable conditions and comments on NHRS' compliance with state statutes reported in prior management letters.

Reportable condition comments included:

- Refund transactions that are out of the ordinary, unusually complicated or otherwise not routine in nature should receive supervisory review and approval prior to payment. This review should include an examination of supporting documentation and clerical accuracy and should be documented in the files.
- Bank reconciliations should be signed and dated when completed to evidence their timely preparation and review. Also, the reconciliations and resulting accounting entries should be reviewed and approved by an independent supervisory person.
- The NHRS should review its procedures for handling receipts to ensure checks are kept in a secure location and deposited timely. Checks should not be circulated between employees without proper receipting.
- In order to improve internal controls over the determination of annuity amounts, all annuity determinations including calculations related to the 150% salary limitation for average final compensation determination, should receive supervisory review