



A Legislative Summary Document Regarding
**Fire Fighters' Pension
Commissioner**

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Prepared for the 78th Legislature
by the State Auditor's Office

January 2003

SAO No. 03-310

This is not an audit report and, with the exception of any audit report summaries, the material in this document has not been subjected to all of the tests and confirmations performed in an audit.

Fire Fighters' Pension Commissioner

SAO Contact: Carol Smith
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Key Findings from Previous Audits and Reviews

January 1, 2001–December 31, 2002

An Audit Report on the Fiscal Year 2001 Financial Statements of the Office of the Fire Fighters' Pension Commissioner

(Report No. 02-053, June 2002)

The Office of the Fire Fighters' Pension Commissioner's (Agency) fiscal year 2001 financial statements are materially correct. There were no instances of noncompliance with laws and regulations that would have a material effect on the financial statements.

Key facts and findings include the following:

- The Agency's Board of Trustees needs to continue monitoring and evaluating whether administrative expenses are reasonable and necessary for the prudent management of the pension trust fund. Fiscal year 2001 administrative expenses exceeded the appropriations amount disclosed in the General Appropriations Act. The agency's Board of Trustees is statutorily authorized to exceed its appropriations for accounting, actuarial, investment consulting, computer, or custodial services.
- The Agency needs to strengthen internal controls by performing cash reconciliations between the Uniform Statewide Accounting System and its internal accounting system in a timely manner.
- The Agency needs to enhance assurances of the accuracy of its financial statements by verifying the market value information received from its investment custodian.
- The Agency improved segregation of duties in the Pension Administration Office and adopted a policy to rotate actuarial consultants as requested by the State Auditor's Office in prior audits.

**Status of Audit Recommendations as of
November 30, 2002**

No status is reported at this time to allow the Agency sufficient time to address recommendations in this recently released report.

Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

(Report No. 02-349, May 2002)

The results of our tests at the Fire Fighters' Pension Commissioner (Agency) disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

We noted no matters involving the Agency's internal control over financial reporting and its operation that we consider to be material weaknesses.

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Most Recent Performance Measure Certification

Fiscal Year 1998–Fiscal Year 2003

The results of *An Audit Report on Performance Measures at 36 State Entities–Phase 12* (Report No. 98-040, May 1998) for this entity are summarized below.

Period	Goal/Strategy	Measure	Certification Results	
1997	A	Sound Pension Funds	Period to amortize the unfunded actuarial accrued liability	Inaccurate
1997	A.1.1	Fund Administration	Average administrative cost per volunteer firefighters' pension plan member	Inaccurate
1997	A.1.1	Fund Administration	Number of retirement payments distributed	Certified
1997	A.2.1	Technical Assistance	Average time (days) to respond to inquiries from local board members	Inaccurate
1997	A.2.1	Technical Assistance	Number of benefit determinations for local funds	Certified with Qualification
Total Measures Certified Without Qualification^a			1/5 (20%)	
Data Reliability Percentage (Certified and Certified with Qualification)			2/5 (40%)	

^a The percentage of unqualified certifications is presented because it is used in determining an entity's eligibility for performance rewards as established in the General Appropriations Act [77th Legislature, Article IX, Sec. 6.31(d)(2)].

Category	Definition
Certified	Reported performance is accurate within +/-5 percent, and controls appear adequate to ensure accurate collection and reporting of performance data.
Certified with Qualification	Reported performance is within +/-5 percent, but the controls over data collection and reporting are not adequate to ensure the continued accuracy of performance data.
Factors Prevented Certification	Actual performance cannot be determined because of inadequate controls and insufficient documentation.
Inaccurate	Reported performance is not within +/-5 percent of actual performance, or there is an error rate of at least 5 percent in the supporting documentation.
Not Applicable	A justifiable reason exists for not reporting performance.

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Travel Expenditures

Travel Expenditures by Appropriation Year (unaudited)			
	2000	2001	2002
In-State Travel	\$ 18,666	\$ 27,578	\$ 28,005
Out-of-State Travel	10,187	3,263	9,542
Foreign Travel	0	0	0
Other Travel Costs	(41)	0	79
Total Travel Expenditures	\$ 28,812	\$ 30,841	\$ 37,626
Limit on Travel Expenditures (Cap)	Exempt ^a	Exempt ^a	Exempt ^a
Expenditures in Excess of Cap	\$ 0	\$ 0	\$ 0

^a The Fire Fighters' Pension Commissioner is exempt from travel caps because the majority of travel costs are paid from non-appropriated trust funds. Travel caps apply only to travel expenditures paid by appropriated funds. (General Appropriations Act, 77th Legislature, IX-1, Sec 1.01)

Source: Uniform Statewide Accounting System (USAS) as of November 30, 2002.