

AGENDA ITEM DETAILS

Subject: Review of External Audit Reports
- Audit Report of the Employee's Retirement System's Fiscal Year 2019 Financial Statements

A financial audit of the Employees Retirement System of Texas' (ERS) Comprehensive Annual Financial Report (CAFR) was performed by the Texas State Auditor's office for the year ended August 31, 2019.

The Independent Auditor's Report dated December 20, 2019, included in the agenda item as **Exhibit A**, reported ERS' basic financial statements for Fiscal Year 2019 were materially correct and presented in accordance with accounting principles generally accepted in the United States of America.

The Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, is included as **Exhibit B**. The audit identified a material weakness in an internal control over the financial reporting. ERS included an offsetting entry in the unsettled investment payable and receivable accounts. The entries did not affect the financial statements and the report disclosed no instances of noncompliance with laws or regulations that materially affected the financial statements. **ERS is examining the methodology for accounting for these types of investment entries.**

The State Auditor submitted a summary of the results and work performed to the Legislative Audit Committee on January 13, 2020 that is included as **Exhibit C**. The State Auditor serves under the general guidance of, and is responsible to, the six-member Legislative Audit Committee, a permanent standing joint committee of the State Legislature.

ATTACHMENT(S):

1. Exhibit A - Independent Auditor's Report
2. Exhibit B - Report on Internal Controls
3. Exhibit C - Report to the Legislative Audit Committee