Susan Montee, JD, CPA

Missouri State Auditor

County Employees' Retirement Fund

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YELLOW SHEET

Findings in the audit of the County Employees' Retirement Fund

Credit Card and Travel Expenditures

The County Employees' Retirement System's Board of Directors (Board) has inadequate controls and procedures over credit card and travel expenditures. The Board has not established a policy regarding credit cards, and current procedures to review credit card purchases are not effective. As a result, some personal purchases made were not identified and reimbursed to the system by the Executive Director, and some payments were made without adequate supporting documentation. The system had not detected the unreimbursed personal purchases because procedures requiring submission of supporting documentation for all credit card purchases were not followed, and the Board did not review the Executive Director's credit card purchases.

The Board has not analyzed the need for issuing most employees a credit card, based upon employee use, and excessive spending limits have exposed the system to unnecessary liability. The Board has discontinued meal limits, and limits or guidelines for lodging expenses have not been established. Our review noted instances where meal and lodging reimbursements exceeded meal allowances in effect at the time and/or federal employee per diem maximums established by the federal government. We also noted expense reports that did not contain documentation of supervisory approval. In addition, the Board has not established a policy for providing employee meals while not on travel status.

Executive Director's Contract

The Board does not have a current formal written employment contract with the Executive Director. The Executive Director indicated an employment contract was established in 1999 when she was hired; however, the contract has never been updated and could not be located. In December 2007, the Board approved the renewal of the Executive Director's employment contract for 3 years; however, a formal written contract was not established or updated.

Professional Services Contracts

As noted in previous audits, the Board has not periodically solicited proposals for most professional services. The Board has contracted with the same actuarial consultant since 2002, and entered into a contract with an investment manager transition consultant in 2008, without soliciting proposals for these services. Proposals for some professional service providers currently in use, such as the investment consultant, legal counsel, auditor, legislative consultant, and custodial bank, have not been solicited for 7 to 14 years. In addition, the Board contracted with the custodial bank to implement and administer a securities lending program, without soliciting proposals for these additional services.

Gifts from Third Parties

System officials indicated, and our follow up on travel expenses confirmed, that Board members and employees periodically receive paid travel expenses (e.g. meals and lodging) from their investment consultant and investment managers while attending conferences or conducting monitoring reviews. The Board has not established a policy outlining the types of gifts, if any, that employees can or cannot accept from third parties that do business with retirement systems. In addition, the Board has not established a system for reporting and monitoring gifts received by Board members and employees.

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SUSAN MONTEE, JD, CPA
Missouri State Auditor

Honorable Jeremiah W. (Jay) Nixon, Governor
and
Board of Directors
and
Sarah J. Maxwell, Executive Director
County Employees' Retirement Fund
Jefferson City, Missouri

The State Auditor is required under Section 50.1030.5, RSMo, to audit the County Employees' Retirement System. The system engaged Williams Keepers LLC, Certified Public Accountants (CPAs), to audit the system's financial statements for the years ended December 31, 2008 and 2007. To satisfy our statutory obligation and minimize duplication of effort, the State Auditor has used the work of the CPA firm. We reviewed the reports and substantiating working papers of the CPA firm to satisfy ourselves as to the appropriateness of using the reports, and we accept them in partial fulfillment of our responsibility under Section 50.1030.5, RSMo. The scope of our audit included, but was not necessarily limited to, the years ended December 31, 2008 and 2007. The additional objectives of our audit were to:

1. Evaluate the system's internal controls over significant management and financial functions.

2. Evaluate the system's compliance with certain legal provisions.

3. Evaluate the economy and efficiency of certain management practices and operations.

Our methodology included reviewing minutes of meetings, written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the system, as well as certain external parties; testing selected transactions; and analyzing comparative data obtained from the system.

We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We also tested certain of those controls to obtain evidence regarding the effectiveness of their design and operation. However, providing an opinion on the effectiveness of internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. Abuse, which refers to behavior that is deficient or improper when compared with behavior that a prudent person would consider reasonable and necessary given the facts and circumstances, does not necessarily involve noncompliance with legal provisions. Because the determination of abuse is subjective, our audit is not required to provide reasonable assurance of detecting abuse.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from the system's management and was not subjected to the procedures applied in our audit of the system.

The accompanying Management Advisory Report presents our findings arising from our audit of the County Employees' Retirement System.

Susan Montee

Susan Montee, JD, CPA
State Auditor

The following auditors participated in the preparation of this report:

Director of Audits:	John Luetkemeyer, CPA
Assistant Director:	Douglas J. Porting, CPA, CFE
Audit Manager:	Kim Spraggs, CPA
In-Charge Auditor:	Christina Davis
Audit Staff:	Jessica Jordan

1. Credit Card and Travel Expenditures

The County Employees' Retirement System's Board of Directors (Board) has inadequate controls and procedures over credit card and travel expenditures.

Twelve of the thirteen system employees have been issued credit cards, with credit limits ranging from $1,000 to $5,000. Purchases charged to credit cards were primarily for Board member and employee travel expenses, conference/training registration, and supplies. During the years ended December 31, 2008 and 2007, credit card purchases totaled approximately $34,000 and $27,000, respectively. Costs associated with business travel can also be paid directly to a vendor by the system or paid by the Board member or employee and reimbursed. All travel expenditures (including credit card charges) totaled approximately $32,000 and $26,000, during the years ended December 31, 2008 and 2007, respectively.

1.1 Credit cards

Controls over the use of credit cards issued to employees need improvement. The Board has not established a policy regarding credit cards, and current procedures to review credit card purchases are not effective. As a result, some personal purchases were not identified and reimbursed to the system by the Executive Director, and some payments were made without adequate supporting documentation. In addition, the Board has not evaluated the need for issuing credit cards to most employees.

Policies

The Board has not established policies and procedures regarding credit cards.

Complete and detailed written business credit card policies and procedures are necessary to provide guidance to employees, and help ensure system credit cards are used only for system business. Policies and procedures should establish levels of purchase authorization, the types and maximum amounts of allowable purchases which may be charged, approval requirements for various purchases, and documentation and review requirements.

Personal use

Personal purchases were made by the Executive Director and other employees with the credit cards, and some of the Executive Director's personal purchases had not been identified and reimbursed at the time of our review.

We reviewed 15 credit card statements for cards issued to 10 employees during the 2 years ended December 31, 2008, and we reviewed all payments to an office supply business made with the Executive Director's credit card during that period. During the 2 years ended December 31, 2008, the Executive Director made credit card purchases totaling $2,347; of which $1,778 were purchases from the office supply business.

Credit card statements summarizing the $1,778 in purchases from the office supply business included notations identifying $248 as personal purchases, which had been reimbursed to the system. Because almost all of the Executive Director's purchases from the office supply business lacked supporting documentation such as invoices, signed credit card receipt slips, or other documentation justifying the purchases, we requested such documentation from the Executive Director. Upon this request, the Executive Director identified additional personal purchases of $633 which had not been previously identified and reimbursed. The unreimbursed personal purchases were not detected because procedures requiring submission of supporting documentation for all credit card purchases were not followed (see below), and the Board did not review the Executive Director's credit card purchases.

The Executive Director reimbursed the system $633 for the additional personal purchases in May 2009. She explained she purchases items on-line from the office supply business for both the system and her personal business, and her account with the office supply business includes credit card numbers for both entities. She indicated these purchases were inadvertently charged to the system credit card when they should have been charged to her personal business credit card. The Executive Director indicated she would remove the system credit card number from the account to prevent future errors.

We also noted instances where two other employees made personal purchases totaling $98 at clothing stores and a restaurant, which had been reimbursed to the system. Allowing personal use of official credit cards, even if reimbursed, increases the risk of errors, misuse, or abuse of system funds. The Board should discontinue allowing personal purchases on credit cards.

Supporting documentation and review procedures

Supporting documentation was not required before payment of numerous credit card purchases. In some instances, receipt slips were not submitted for items purchased. For example, of the Executive Director's purchases from the office supply business totaling $1,778, supporting documentation was submitted for only two purchases totaling $160 (one receipt slip supported a $75 purchase of ink cartridges, labels, and envelopes that had been identified as personal and reimbursed by the Executive Director; and the other receipt slip supported an $85 purchase of an external hard drive and a USB flash drive that was not identified as personal). The unsupported purchases that were not identified as personal purchases, totaling $812, included a printer, eight USB flash drives, ink cartridges, labels, and other office supplies. Some of these items were delivered to the Executive Director's personal business address, rather than her system office or home. System officials indicated these items were business purchases and are used by the Executive Director when she works from her home.

Our review of credit card purchases from other vendors by the Executive Director and other employees also noted instances where only a credit card charge slip was submitted, rather than a detailed invoice or receipt slip; and instances where adequate documentation to support travel expenses was not maintained (see below).

The failure to follow established review procedures allowed payments to be made without adequate supporting documentation. Currently, employees are required to submit receipt slips supporting credit card purchases to the Deputy Director for review. The receipt slips received by the Deputy Director are reconciled to the monthly credit card statements by one of the Account Specialists, who is supposed to contact employees when receipt slips have not been received. The unsupported payments occurred because established procedures were not followed.

To ensure all charges to the system credit cards are proper, detailed supporting documentation, such as itemized receipts and vendor invoices, should be maintained for all transactions and reconciled to billing statements. In addition, charges should be reviewed by a supervisor, and the Executive Director's charges should be reviewed by the Board.

Need for credit cards

The Board has not analyzed the need for issuing most employees a credit card, based upon employee use, and excessive spending limits have exposed the system to unnecessary liability. System officials indicated most employees were issued a credit card in 1999 and no further review of the need for the cards or credit limits has been performed. We found some cardholder accounts had not been used, and some credit limits were excessive based on actual use. For example, four cardholders with credit limits of either $2,000 or $5,000, each charged less than $1,000 in total during 2008. In 2007, three cards were not used.

To reduce the risk of theft or misappropriation of system funds, the Board should review credit card use to evaluate each employee's continued need for a card and reasonableness of credit limits.

1.2 Travel expenses

The Board has discontinued meal limits, and the meal limits were not always followed when in effect. In addition, limits or guidelines for lodging expenses have not been established. We reviewed ten Board member and employee expense reimbursements and eight credit card statements containing travel expenses totaling $10,300, or 18 percent of travel expenditures during the 2 years ended December 31, 2008. Our review noted instances where meal and lodging reimbursements appeared excessive and/or expense reports were not adequately supported. In addition, expense reports are not always reviewed and approved by a supervisor.

Excessive travel costs

We noted instances where restaurant charges to system credit cards and meal and lodging expense reimbursements exceeded meal allowances in effect at the time and/or CONUS rates (federal employee per diem maximums for the Continental United States established by the U.S. General Services Administration and frequently used by governmental agencies as travel reimbursement guidelines). For example, a $315 restaurant charge for dinner for five Board members while at a conference in Reno, Nevada averaged $63 per person, and a $184 restaurant charge for dinner for two Board members and the investment coordinator during a due diligence monitoring visit in New York averaged $61 per person, when the meal allowance for out-of-state travel was $60 for the entire day (the CONUS rates for these meals were $24 and $31, respectively). Another $426 restaurant charge for dinner for ten Board members while attending a Board meeting averaged $43 per person, when the in-state meal allowance was $40 for the entire day (the CONUS rate for dinner was $18). No documentation was maintained to explain or justify exceeding the established meal limits. In another instance, a Board member was reimbursed $184 for lodging costs in St. Louis, Missouri on the night before her flight to New York City for a due diligence monitoring visit, while the CONUS rate was $106.

Although the Board has established a policy for Board member and employee reimbursement of travel expenses, the policy no longer provides limits on the amounts that will be reimbursed for certain travel expenses. In May 2008, the Board voted to discontinue the daily meal allowances of $40 per day in-state and $60 per day out-of-state when traveling, instead requiring only that meals reimbursed be "prudent and reasonable". In addition, the policy does not provide for lodging reimbursement limits or procedures for ensuring lodging costs are reasonable. Limits for meal and lodging expenses, such as federal per diem maximums, regardless of the method of payment, could help ensure such reimbursements are reasonable.

Supporting documentation

Many expense reports submitted by Board members and employees, as well as credit card payment records, lacked sufficient documentation of the purpose of the trip. Also, restaurant receipt slips supporting meals, which system officials indicated were provided to Board members who traveled to Board meetings, frequently did not indicate who attended. Because the system expense report form does not require notation of the trip origin and destination, mileage reimbursement requests generally did not include this information, making it difficult to review reimbursement requests for propriety. Although the expense report requires the requestor document an accounting code which would provide some information regarding the purpose of the trip, these codes did not always clearly document the purpose of the trip and were not always included on the expense reports. In addition, as noted above, many credit card statements lacked sufficient supporting documentation, such as detailed receipt slips or vendor invoices.

To ensure travel expenditures are reasonable and represent valid expenditures, the Board should require the expense reports and credit card payment documentation be adequately detailed, including the purpose, origin, and destination of each trip, and the names of individuals for which meals were provided.

Expense report approval

Five of the ten expense reports reviewed contained no documentation of supervisory review. Expense reports are submitted either to the Deputy Executive Director or one of the Account Specialists, but are not always reviewed and approved by a supervisor prior to payment. To ensure travel expense reimbursements are reasonable and necessary, expense reports should be reviewed and approved by a supervisor.

1.3 Local meals

The Board has not established a policy for providing employee meals while not on travel status.

Meals are provided to employees during monthly staff meetings held during the lunch hour, and the Executive Director's lunches are frequently paid when she participates in on-line or audio continuing legal education courses or works during the lunch hour. Documentation supporting food purchases, such as meeting agendas and listings of meeting attendees, when applicable, and the business purpose of the meals was generally not maintained. In addition, it is unclear why the hour-long staff meetings were not scheduled at some other time during the day to avoid the meal expense. Payments, which were primarily made with a credit card, to local restaurants for staff food while not traveling totaled at least $1,600 annually during the 2 years ended December 31, 2008.

To ensure expenditures are necessary and appropriate, the Board should develop a comprehensive policy regarding food purchases and re-evaluate the need for paying local meal expenses. Food expenses should be reasonable and necessary for conducting system business. Guidelines should establish the situations in which local food purchases are allowed, limits on the purchases, and required documentation. At a minimum, documentation should include a business purpose and a list of persons in attendance.

Recommendations

The Board of Directors:

1.1 Adopt formal policies and procedures for credit card use. These policies should specifically disallow personal purchases on credit cards, even if charges will be reimbursed. The Board should require adequate documentation be maintained and reconciled to billing statements for all credit card transactions and establish procedures to review the Executive Director's credit card purchases. In addition, the Board should evaluate each employee's continued need for a card and reasonableness of credit limits, terminate those cards issued to employees identified as not using or infrequently using credit cards assigned them, and adjust employees' credit limits based on past procurement activities and assigned duties.

1.2 Establish reasonable maximum rates for all meal and lodging costs. In addition, the Board should require documentation of the purpose of each trip and names of individuals for which meals were provided, when applicable, on expense reports and credit card payment documentation, and the origin and destination on mileage reimbursement requests. The Board should ensure all expense reports are reviewed and approved by a supervisor.

1.3 Develop a comprehensive policy regarding food purchases and re-evaluate the need for paying local meal expenses.

Auditee's Response

The Executive Director provided the following written responses:

1.1 Management agrees the Board should adopt formal policies governing use of credit cards. Draft policies will be presented to the Board for review and approval.

1.2 Management notes that the Board last discussed meal and lodging reimbursements in May 2008. At that time, the Board adopted a policy allowing reimbursement of "prudent and reasonable" daily meal expenses relating to travel on County Employees' Retirement Fund (CERF) business. CERF Administrative Office staff review all meal and lodging reimbursement requests and question any that do not seem to meet this standard. Management recommends no change to the Board's present policy, except a review of whether "prudent and reasonable" also extends to lodging expenses.

1.3 Management notes that the Board has previously budgeted for meals during monthly staff meetings over the lunch hour, under the category Administrative - Meals. During the course of these monthly meetings, office policies and procedures are reviewed and updated, staff discusses upcoming changes to information technology processes, and other business is conducted. By scheduling these meetings during the lunch hour, an hour of work day productivity is not lost by all 13 staff. Furthermore, members calling in do not find themselves routed to voice mail during the work day. Finally, by encouraging the Executive Director to participate in on-line or telephone continuing legal education courses, travel expenses, including additional lodging and higher meal costs, are avoided. The Board presently approves this item as part of the annual budget, in a separate accounting category, Staff Training - Meals. No change is recommended.

Auditor's Comment

1.2 As previously noted, the system incurred excessive travel expenses because Board members and employees were not required to follow established policies. Many employee expense reports and credit card documents were not reviewed by a supervisor; and for those that were reviewed, instances were noted where excessive travel expenditures were not questioned and sufficient supporting documentation was not required. Guidelines assisting Board members, employees, and reviewers in determining what is "prudent and reasonable", supported by sufficient review procedures, are essential to ensuring travel costs are reasonable.

2. Executive Director's Contract

The Board does not have a current formal written employment contract with the Executive Director.

The Executive Director indicated an employment contract was established in 1999 when she was hired; however, the contract has never been updated and could not be located. In December 2007, the Board approved the renewal of the Executive Director's employment contract for 3 years; however, a formal written contract was not established or updated. The Board action did not specifically address benefits provided to the Executive Director, including a $500 monthly mileage allowance for commuting and the payment of costs associated with continuing legal education courses/training. In addition, system officials could provide no documentation of Board approval of these specific benefits provided to the Executive Director. While the Board approves the Executive Director's employment and salary, current formal written employment contracts which clearly define all contractual terms are necessary to ensure all parties are aware of their duties, responsibilities, and benefits and to prevent misunderstandings. Absent a formal written contract, specific notation of approval in Board meeting minutes, or a Board approved policy, the support for such payments is unclear.

Recommendation

The Board of Directors establish and maintain a current formal written employment contract with the Executive Director and update the contract when changes are approved.

Auditee's Response

The Executive Director provided the following written response:

The current agreement with the Executive Director was approved through 2010. Management recommends the Administrative Committee prepare a contract governing services by the Executive Director starting with 2011 to be approved by the Board by the end of 2010.

3. Professional Services Contracts

As noted in previous audits, the Board has not periodically solicited proposals for most professional services.

The Board has contracted with the same actuarial consultant since 2002, and entered into a contract with an investment manager transition consultant in 2008, without soliciting proposals for these services. The actuarial consultant was paid approximately $306,000 during the 2 years ended

December 31, 2008, and the transition consultant was paid approximately $50,000 during 2008.

In addition, proposals for some professional service providers currently in use have not been solicited for 7 to 14 years. Proposals were last solicited for investment consulting services in 1995, legal counsel services in 1999, audit services in 2000, and legislative consulting services in 2002. The Board made payments totaling approximately $235,000, $449,000, $129,000, and $134,000 during the 2 years ended December 31, 2008, for these services, respectively. In addition, proposals for custodial banking services were last solicited in 1999. In 2006, the Board contracted with the custodial bank to implement and administer a securities lending program, without soliciting proposals for these additional services. The custodial bank was paid approximately $205,000 and $117,000 during the 2 years ended December 31, 2008, for custodial banking and securities lending services, respectively. We noted the system does periodically solicit proposals for investment management services.

System officials indicated the consultants were selected and retained based on recommendations by the investment consultant or other retirement systems, and/or past experience. System officials also indicated they believe the payments to the consultants are reasonable; however, they have not performed and documented formal reviews of the fees paid the various consultants to ensure the Board is receiving these services at a fair cost.

Without periodically requesting proposals for all professional services, the Board may be missing the opportunity to obtain similar or improved services at a better price, either from existing or new firms.

Recommendation

The Board of Directors periodically solicit proposals for all professional services; or periodically review current market pricing levels to ensure fair pricing is obtained, and document these reviews.

Auditee's Response

The Executive Director provided the following written response:

The Board retains professionals with the experience and skills necessary to best serve the needs of the CERF and its members. When appropriate, proposals are solicited. Board members all bring their individual knowledge of fees for services within their counties which is used in weighing decisions and evaluating proposals.

4. Gifts from Third Parties

System officials indicated, and our follow up on travel expenses confirmed, that Board members and employees periodically receive paid travel expenses (e.g., meals and lodging) from their investment consultant and investment managers while attending conferences or conducting monitoring reviews. The Board has not established a policy outlining the types of gifts, if any, that employees can or cannot accept from third parties, such as the investment consultant, investment managers, or other vendors which do business with retirement systems; however, such a policy has been established for Board members. In addition, the Board has not established a system for reporting and monitoring gifts received by Board members and employees.

Our review of ten Board member and employee expense reports and eight credit card statements containing travel expenses found three instances where certain travel expenses were not claimed for overnight trips taken, and there was no documentation indicating how these expenses were paid. In response to our inquiries, system employees indicated these expenses were paid by third parties.

The Board's code of ethics and standards of professional conduct (which system officials indicated also applies to employees) prohibits Board members from accepting gifts of substantial value with the intent to influence the performance of the Board member or to reward the Board member for action taken; but the policy does allow Board members to accept the following items from third parties:

1. an occasional nonpecuniary (nonmonetary) gift, insignificant in value
2. a nonpecuniary award publicly presented by a nonprofit organization in recognition of public service
3. travel expenses to attend a convention or other meeting in which the Board member is scheduled to participate
4. admission to a social function or meeting which is offered to the Board member which is not extraordinary when viewed in light of the Board member's position
5. items of perishable or nonpermanent value including, but not limited to, meals or tickets to sporting, recreational, educational, or cultural events

Section 105.667, RSMo, states any Board member or employee accepting any political contribution, gratuity, or compensation for the purpose of influencing his or her action with respect to the investment of the funds of the system shall forfeit his or her office, and be subject to other penalties established by law. Accepting meal expenses or other gifts, including those allowed by the current policy, from entities which the system contracts with or could potentially contract with, could give the appearance of a conflict of interest. System officials stated they do not consider the acceptance of the items listed above a conflict of interest because the system already had a contract with the third parties and would have otherwise had to pay these expenses on behalf of the Board members or employees. By allowing the acceptance of any items from third parties, it is difficult to determine how system officials could monitor whether someone's actions had been influenced.

The Board should re-evaluate the policy and procedures which allow the acceptance of gifts by Board members and employees. If acceptance of gifts is allowed, a policy should be established for employees and a system should be established for reporting and monitoring those items received by Board members and employees. Records should document the name of the third party, their relationship to the system, expenses paid or gifts received, the name of the recipient, the date, and the estimated value of the item received. These records should be periodically reviewed by the Board and staff to ensure such items are reasonable.

Recommendation

The Board of Directors re-evaluate policies and procedures to determine whether the acceptance of any gifts or other items of value by Board members and employees should be allowed. If allowed, the Board should establish a policy for employees and a system for reporting and monitoring gifts which are accepted from third parties by Board members and employees.

Auditee's Response

The Executive Director provided the following written response:

The Board has previously adopted an ethics policy. Management recommends that the Board clarify that this policy also covers employees. Management further recommends that the Board direct the Administrative Committee to review this policy and determine if any changes are warranted.

County Employees' Retirement Fund
Organization and Statistical Information

The County Employees' Retirement System was created under an act of the 87th General Assembly, commenced actual operations on August 28, 1994, and is governed by Sections 50.1000 to 50.1300, RSMo. The system is a mandatory cost-sharing multiple-employer, statewide public employee retirement system for certain employees in each county of the state, except any city not within a county (which excludes the City of St. Louis) and counties of the first classification with a charter form of government. The system is a defined benefit plan providing retirement and death benefits to its members. The system uses the name "County Employees' Retirement Fund" for doing business.

As of December 31, 2008, there were 111 participating counties in the system which included 11,182 active, 1,567 terminated vested, and 2,619 retired members and beneficiaries.

Board of Directors

The responsibility for the operation and administration of the system is vested in the Board of Directors, consisting of nine members of the system representing different elective county offices, elected by a majority vote of the membership, and two Governor-appointed members, who have no beneficiary interest in the system. All Board members serve 4-year terms. The members of the Board of Directors as of December 31, 2008, were as follows:

Name and Title	Membership	Term Expires
Wayne Scharnhorst, Board Chair	Elected	December 31, 2009
Elaine Luck, Vice Chair	Elected	December 31, 2010
Rosemary Gannaway, Secretary (1)	Elected	December 31, 2008
Conny Dover, Member (2)	Appointed	January 1, 2008
Jerry Reynolds, Member (1)	Elected	December 31, 2008
Kay Murray, Member	Elected	December 31, 2009
Vacant, Member (3)	Elected	December 31, 2009
Peggy Kubicek, Member	Appointed	December 31, 2009
Ken Dillon, Member	Elected	December 31, 2010
Frank Sifford, Member	Elected	December 31, 2010
Sherry Shamel, Member	Elected	December 31, 2011

(1) These members were re-elected for another term expiring in December 2012.
(2) Conny Dover's term expired in January 2008. She continues to serve on the Board until a replacement is appointed.
(3) John Prince resigned in August 2008, and was replaced by Dennis Turner in January 2009.

Executive Staff

Sarah J. Maxwell has served as the Executive Director since June 16, 1999. The Executive Director coordinates the daily operation of the system, contracts for professional services with the approval of the Board, and advises the Board on all matters pertaining to the system. At December 31, 2008, the system had 13 employees including the Executive Director. The executive staff and their annual compensation as of December 31, 2008, were as follows:

Name and Title	Annual Compensation
Sarah J. Maxwell, Executive Director (1)	$160,000
Rita C. Turley, Deputy Director	91,000

(1) In addition to her base pay, Sarah J. Maxwell receives $6,000 in mileage allowance for commuting.

Additional information regarding the system's plan provisions and benefits, assets and investments, financial activities, consultants, and actuarial valuations is included in various documents and reports which are available on the system's website (www.mocerf.org).