

PEER Report #230

A PERFORMANCE EVALUATION OF THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM, January 10, 1990, 172 pages

The PEER Committee evaluated the Public Employees' Retirement System as required by Senate Bill 2437, 1989 Regular Session. PEER found no cause for alarm for retirees and the membership as to the security of the trust fund or present and future retirement benefits. PERS management has not performed well in several areas related to administration of the trust and has resisted oversight by other state agencies. Weaknesses or questionable areas include:

- Poor control over purchasing and inadequate internal audit coverage.
- Expenditure of \$13,702,915 over three years for investment management fees without legislative appropriation authority, \$842,987 for computer equipment and services without Central Data Processing Authority oversight, \$30,080 to employ the former executive secretary on an "emergency" basis after his retirement, and excessive out-of-state travel (a total of \$165,629 over a five-year period.)
- Accumulation of over \$3 million for building renovations without need.
- An actuarial audit by a national consulting firm states that PERS's assumptions regarding future economic experience are within an acceptable range, but are at the optimistic end of the range.
- A management review of the Deferred Compensation Plan by a local consulting firm notes a departure from the fee arrangement by the third-party administrator, a lack of independent analysis of the plan's investment performance, and limited audit and financial review of the plan's operations.

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