

SB2490



100TH GENERAL ASSEMBLY

State of Illinois

2017 and 2018

SB2490

Introduced 1/31/2018, by Sen. Pamela J. Althoff

SYNOPSIS AS INTRODUCED:

40 ILCS 5/1A-104

Amends the Illinois Pension Code. Changes the schedule for examinations of pension funds established under the Downstate Police or Downstate Fire Article from every 3 years to a periodic basis, as determined by the Public Pension Division of the Department of Insurance. Provides that the examination may (instead of shall) include a review of certain information. Effective immediately.

LRB100 15959 RPS 31076 b

FISCAL NOTE ACT
MAY APPLY

PENSION IMPACT
NOTE ACT MAY
APPLY

A BILL FOR

1 AN ACT concerning public employee benefits.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Illinois Pension Code is amended by changing
5 Section 1A-104 as follows:

6 (40 ILCS 5/1A-104)

7 Sec. 1A-104. Examinations and investigations.

8 (a) The Division shall make periodic examinations and
9 investigations of all pension funds established under this Code
10 and maintained for the benefit of employees and officers of
11 governmental units in the State of Illinois. However, in lieu
12 of making an examination and investigation, the Division may
13 accept and rely upon a report of audit or examination of any
14 pension fund made by an independent certified public accountant
15 pursuant to the provisions of the Article of this Code
16 governing the pension fund. The acceptance of the report of
17 audit or examination does not bar the Division from making a
18 further audit, examination, and investigation if deemed
19 necessary by the Division.

20 The Department may implement a flexible system of
21 examinations under which it directs resources as it deems
22 necessary or appropriate. In consultation with the pension fund
23 being examined, the Division may retain attorneys, independent

1 actuaries, independent certified public accountants, and other
2 professionals and specialists as examiners, the cost of which
3 (except in the case of pension funds established under Article
4 3 or 4) shall be borne by the pension fund that is the subject
5 of the examination.

6 (b) The Division shall examine or investigate each pension
7 fund established under Article 3 or Article 4 of this Code. The
8 schedule of each examination shall be on a periodic basis as
9 determined by the Division based on a risk review across funds
10 ~~such that each fund shall be examined once every 3 years.~~

11 Each examination may ~~shall~~ include, but is not limited to,
12 a review of the following:

13 (1) an audit of financial transactions, investment
14 policies, and procedures;

15 (2) an examination of books, records, documents,
16 files, and other pertinent memoranda relating to
17 financial, statistical, and administrative operations;

18 (3) a review of policies and procedures maintained for
19 the administration and operation of the pension fund;

20 (4) a determination of whether or not full effect is
21 being given to the statutory provisions governing the
22 operation of the pension fund;

23 (5) a determination of whether or not the
24 administrative policies in force are in accord with the
25 purposes of the statutory provisions and effectively
26 protect and preserve the rights and equities of the

1 participants;

2 (6) a determination of whether or not proper financial
3 and statistical records have been established and adequate
4 documentary evidence is recorded and maintained in support
5 of the several types of annuity and benefit payments being
6 made; and

7 (7) a determination of whether or not the calculations
8 made by the fund for the payment of all annuities and
9 benefits are accurate.

10 In addition, the Division may conduct investigations,
11 which shall be identified as such and which may include one or
12 more of the items listed in this subsection.

13 A copy of the report of examination or investigation as
14 prepared by the Division shall be submitted to the secretary of
15 the board of trustees of the pension fund examined or
16 investigated and to the chief executive officer of the
17 municipality. The Director, upon request, shall grant a hearing
18 to the officers or trustees of the pension fund or their duly
19 appointed representatives, upon any facts contained in the
20 report of examination. The hearing shall be conducted before
21 filing the report or making public any information contained in
22 the report. The Director may withhold the report from public
23 inspection for up to 60 days following the hearing.

24 (Source: P.A. 95-950, eff. 8-29-08.)

25 Section 99. Effective date. This Act takes effect upon
26 becoming law.