**Section 4401.40 Audit and Examination**

a) All audits and examinations, except under special circumstances (such as the need to expeditiously focus on a single issue, that has been brought to the attention of the Division, or an examination of a small fund, where the cost and time used to travel to the site is excessive in comparison to the time spent and information actually obtained), shall be made on site, to insure that all books, documents and other relevant procedures can be made readily available to the examiner. During the audit or examination, the examiner may look at all aspects of the pension fund's or retirement system's business. This includes verification of the existence of administrative rules, policies and procedures, verification of the participants in the fund and all information related to the participants, business affairs and expenditures of the pension board, including pension payments and investment holdings and procedures, the appointment and election of trustees, as well as any other relevant issues or procedures.

b) Desk audits will be performed for each fund, following the timely submission of the annual statement filing. In addition, desk audits may be performed at any time on a pension fund.

c) Situations may arise which require the Division to perform special examinations. These examinations are limited by the Division to specific areas of concern. The authority of the examiner when conducting a special examination shall be the same authority which is granted to the examiner in the performance of a general or full examination or audit.

d) The majority of the audits and examinations will be performed directly by members of the Division. However, in the event that an outside auditor or examiner is hired, such person shall be given all the rights and powers held by an employee of the Division.

(Source: Amended at 22 Ill. Reg. 15312, effective August 7, 1998)