



Rep. Natalie A. Manley

Filed: 4/27/2023

10300SB2102ham001

LRB103 26034 RPS 60909 a

1 AMENDMENT TO SENATE BILL 2102

2 AMENDMENT NO. _____. Amend Senate Bill 2102 by replacing
3 everything after the enacting clause with the following:

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

6 (40 ILCS 5/1A-104)

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

8 (a) Except as described in this Section ~~the following~~
9 ~~paragraph~~ with respect to pension funds established under
10 Article 3 or 4 of this Code, the Division shall make periodic
11 examinations and investigations of all pension funds
12 established under this Code and maintained for the benefit of
13 employees and officers of governmental units in the State of
14 Illinois. However, in lieu of making an examination and
15 investigation, the Division may accept and rely upon a report
16 of audit or examination of any pension fund made by an

1 independent certified public accountant pursuant to the
2 provisions of the Article of this Code governing the pension
3 fund. The acceptance of the report of audit or examination
4 does not bar the Division from making a further audit,
5 examination, and investigation if deemed necessary by the
6 Division.

7 For pension funds established under Article 3 or 4 of this
8 Code: (i) prior to the conclusion of the transition period,
9 the Division shall make the periodic examinations and
10 investigations described in the preceding paragraph; and (ii)
11 after the conclusion of the transition period, the Division
12 may accept and rely upon a report of audit or examination of
13 such pension fund made by an independent certified public
14 accountant retained by the Consolidated Fund. The acceptance
15 of the report of audit or examination does not bar the Division
16 from making a further audit, examination, and investigation if
17 deemed necessary by the Division.

18 The Department may implement a flexible system of
19 examinations under which it directs resources as it deems
20 necessary or appropriate. In consultation with the pension
21 fund being examined, the Division may retain attorneys,
22 independent actuaries, independent certified public
23 accountants, and other professionals and specialists as
24 examiners, the cost of which (except in the case of pension
25 funds established under Article 3 or 4) shall be borne by the
26 pension fund that is the subject of the examination.

1 (b) The ~~Division or the~~ Consolidated Fund, ~~as appropriate,~~
2 shall examine or investigate each pension fund established
3 under Article 3 or Article 4 of this Code. The schedule of each
4 examination shall be such that each fund shall be examined
5 once every 3 years.

6 Each examination shall include the following:

7 (1) an audit of financial transactions, investment
8 policies, and procedures;

9 (2) an examination of books, records, documents,
10 files, and other pertinent memoranda relating to
11 financial, statistical, and administrative operations;

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

14 (4) a determination of whether or not full effect is
15 being given to the statutory provisions governing the
16 operation of the pension fund;

17 (5) a determination of whether or not the
18 administrative policies in force are in accord with the
19 purposes of the statutory provisions and effectively
20 protect and preserve the rights and equities of the
21 participants;

22 (6) a determination of whether or not proper financial
23 and statistical records have been established and adequate
24 documentary evidence is recorded and maintained in support
25 of the several types of annuity and benefit payments being
26 made; and

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

4 In addition, the Division or the Consolidated Fund, as
5 appropriate, may conduct investigations, which shall be
6 identified as such and which may include one or more of the
7 items listed in this subsection.

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

21 (Source: P.A. 101-610, eff. 1-1-20.)

22 Section 99. Effective date. This Act takes effect July 1,
23 2023."