



Sen. Pamela J. Althoff

**Filed: 4/20/2018**

10000SB2490sam001

LRB100 15959 MJP 38982 a

1 AMENDMENT TO SENATE BILL 2490

2 AMENDMENT NO. \_\_\_\_\_. Amend Senate Bill 2490 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) 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

1 audit or examination does not bar the Division from making a  
2 further audit, examination, and investigation if deemed  
3 necessary by the Division.

4 The Department may implement a flexible system of  
5 examinations under which it directs resources as it deems  
6 necessary or appropriate. In consultation with the pension fund  
7 being examined, the Division may retain attorneys, independent  
8 actuaries, independent certified public accountants, and other  
9 professionals and specialists as examiners, the cost of which  
10 (except in the case of pension funds established under Article  
11 3 or 4) shall be borne by the pension fund that is the subject  
12 of the examination.

13 (b) The Division shall examine or investigate each pension  
14 fund established under Article 3 or Article 4 of this Code. The  
15 schedule of each examination shall be on a periodic basis as  
16 determined by the Division based on a risk review across funds.  
17 The risk review determination shall include, but not be limited  
18 to, the following criteria:

19 (1) the funding level of the pension fund;

20 (2) the employer contribution history;

21 (3) the investment return history of the fund;

22 (4) consideration of any complaints received from the  
23 pension fund or its participants; and

24 (5) any previous compliance issues related to the fund  
25 ~~such that each fund shall be examined once every 3 years.~~

26 Each examination shall include, but not be limited to, a

1 review of the following:

2 (1) an audit of financial transactions, investment  
3 policies, and procedures;

4 (2) an examination of books, records, documents,  
5 files, and other pertinent memoranda relating to  
6 financial, statistical, and administrative operations;

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

9 (4) a determination of whether or not full effect is  
10 being given to the statutory provisions governing the  
11 operation of the pension fund, including the employer's  
12 requirement to make a lawful contribution consistent with  
13 Section 4-118;

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

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

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

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

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

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

16           Section 99. Effective date. This Act takes effect upon  
17 becoming law.".