

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
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
17 independent certified public accountant pursuant to the
18 provisions of the Article of this Code governing the pension
19 fund. The acceptance of the report of audit or examination
20 does not bar the Division from making a further audit,
21 examination, and investigation if deemed necessary by the
22 Division.

23 For pension funds established under Article 3 or 4 of this

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

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

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

25 Each examination shall include the following:

26 (1) an audit of financial transactions, investment

1 policies, and procedures;

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

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

7 (4) a determination of whether or not full effect is
8 being given to the statutory provisions governing the
9 operation of the pension fund;

10 (5) a determination of whether or not the
11 administrative policies in force are in accord with the
12 purposes of the statutory provisions and effectively
13 protect and preserve the rights and equities of the
14 participants;

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

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

23 In addition, the Division or the Consolidated Fund, as
24 appropriate, may conduct investigations, which shall be
25 identified as such and which may include one or more of the
26 items listed in this subsection.

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

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

15 (40 ILCS 5/5-226 rep.)

16 (40 ILCS 5/6-220 rep.)

17 Section 10. The Illinois Pension Code is amended by
18 repealing Sections 5-226 and 6-220.

19 Section 99. Effective date. This Act takes effect July 1,
20 2023.