

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.
8 Beginning December 31, 2010, the ~~The~~ schedule of each
9 examination shall be such that each fund shall be examined once
10 every 5 ~~3~~ years. The Division shall comply with the changes
11 made by this amendatory Act of the 96th General Assembly, and
12 any costs associated with the changes shall be paid for using
13 the pension fund fee structure as it exists on the effective
14 date of that amendatory Act.

15 Each examination shall include the following:

16 (1) an audit of financial transactions, investment
17 policies, and procedures;

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

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

23 (4) a determination of whether or not full effect is
24 being given to the statutory provisions governing the
25 operation of the pension fund;

26 (5) a determination of whether or not the

1 administrative policies in force are in accord with the
2 purposes of the statutory provisions and effectively
3 protect and preserve the rights and equities of the
4 participants;

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

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

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

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

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

2 Section 99. Effective date. This Act takes effect upon
3 becoming law.