

HOUSE BILL NO. 4968

June 08, 2021, Introduced by Rep. Albert and referred to the Committee on Appropriations.

A bill to create the office of the retirement system auditor within the legislative council and to prescribe its powers and duties; and to prescribe the powers and duties of certain state officers and entities.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

- 1 Sec. 1. As used in this act:
- 2 (a) "Auditor" means the retirement system auditor.
- 3 (b) "Council" means the legislative council established under
- 4 section 15 of article IV of the state constitution of 1963.

1 (c) "Office" means the office of the retirement system auditor
2 created under this act.

3 (d) "Retirement system" means a state unit as that term is
4 defined in section 13 of the public employee retirement system
5 investment act, 1965 PA 314, MCL 38.1133.

6 Sec. 3. (1) The office of the retirement system auditor is
7 created within the council.

8 (2) The principal executive officer of the office is the
9 retirement system auditor, who must be appointed by and serve at
10 the pleasure of the council.

11 Sec. 5. (1) The council shall establish procedures for
12 approving the budget of the office, for expending funds of the
13 office, and for the employment of personnel for the office.

14 (2) Subject to approval of the council, the auditor may hire
15 an outside actuary. An actuary hired under this subsection shall
16 not serve as, employ, or contract with any actuary that is serving
17 as an actuary for this state.

18 Sec. 7. On request, the office of retirement services within
19 the department of technology, management, and budget shall provide
20 the auditor with access to all books, records, documents, and
21 accounts of each retirement system and each participating employer.

22 Sec. 9. The auditor may continuously evaluate any aspect of a
23 retirement system to determine the retirement system's actuarial
24 soundness.

25 Sec. 11. The auditor shall do all of the following:

26 (a) For each retirement system, annually review, calculate,
27 and certify the annual required employer contributions as described
28 in section 20m of the public employee retirement system investment
29 act, 1965 PA 314, MCL 38.1140m.

1 (b) Conduct performance audits, program evaluations, and other
2 studies needed to enable the legislature to evaluate the
3 efficiency, effectiveness, and operation of each retirement system.

4 (c) Annually prepare a projected annual required employer
5 contribution analysis for each retirement system for the next 30
6 years. The analysis under this subdivision must address unfunded
7 actuarial accrued liability and normal costs for pension and
8 retiree health care.

9 (d) Provide to the legislature actuarial notes on proposed
10 legislation that relates to each retirement system.

11 Sec. 13. (1) By January 1, 2022 and each January 1 after that
12 date, the auditor shall prepare and present to the legislature a
13 report of the auditor's findings under sections 9 and 11. The
14 auditor shall post the report under this subsection on the
15 council's website.

16 (2) By January 1, 2023 and every 5 years after that date, the
17 auditor shall include in the report required under subsection (1) a
18 comparative summary of each retirement system's reported actuarial
19 assumptions and funding ratio. The report required under this
20 subsection must include both of the following:

21 (a) The auditor's determination as to the appropriateness of
22 each retirement system's reported actuarial assumptions.

23 (b) The auditor's recommendations.