

AMENDMENTS TO HOUSE BILL NO. 1962

Sponsor: SENATOR BROWNE

Printer's No. 2896

1 Amend Bill, page 1, line 4, by inserting after "employees,"
2 further

3 Amend Bill, page 1, line 4, by inserting after "for"
4 Public School Employees' Retirement Board and for
5 administrative duties of board and providing for

6 Amend Bill, page 1, line 6, by inserting after "officers,"
7 further

8 Amend Bill, page 1, line 7, by inserting after "for"
9 the State Employees' Retirement Board and for administrative
10 duties of the board and providing for

11 Amend Bill, page 1, lines 10 and 11, by striking out all of
12 said lines and inserting

13 Section 1. Section 8501(f) of Title 24 of the Pennsylvania
14 Consolidated Statutes, is amended and the section is amended by
15 adding a subsection to read:

16 § 8501. Public School Employees' Retirement Board.

17 * * *

18 (f) Board training.--Each member of the board will be
19 required to obtain [eight] 10 hours of mandatory training in
20 investment strategies, actuarial cost analysis, asset
21 allocation, risk assessment and retirement portfolio management
22 on an annual basis.

23 (g) Committees.--

24 (1) In order to be appointed to the Audit/Compliance
25 Committee as a voting member, a board member must first
26 complete at least 16 hours of training in risk assessments,
27 internal controls and auditing standards. In order to
28 continue serving as a voting member of the Audit/Compliance
29 Committee following initial appointment, a board member must
30 complete at least eight hours of continuing education in risk
31 assessments, internal controls and auditing standards each
32 calendar year thereafter.

33 (2) The board shall establish an executive committee,

1 which shall consist of the board chair, the board vice chair,
2 if one has been appointed, the chair of the Audit/Compliance
3 Committee, the chair of the Bylaws/Policy Committee and the
4 chair of the Budget/Finance Committee.

5 (3) The board shall establish an Asset Liability
6 Contingency Operating Committee, which shall be charged with
7 evaluating the risk associated with the system's assets and
8 liabilities.

9 Section 2. Section 8502(o) of Title 24 is amended to read:

10 § 8502. Administrative duties of board.

11 * * *

12 (o) Independent audits.--

13 (1) The board shall provide for annual audits of the
14 system and the plan by an independent certified public
15 accounting firm. The audits shall include the board's accrual
16 and expenditure of directed commissions. The board may use
17 the same independent certified public accounting firm for the
18 audits of both the system and the plan.

19 (2) The following shall apply:

20 (i) Except as provided under subparagraph (ii), the
21 board shall provide for an internal control audit of the
22 system and the plan at least every five years.

23 (ii) If an annual financial report prepared under
24 subsection (n) identifies a material weakness or
25 significant deficiency or an internal control audit
26 identifies a material weakness or significant deficiency,
27 the board shall provide for an additional internal
28 control audit of the system and the plan for the year
29 subsequent to the report or audit in which the weakness
30 or deficiency was identified.

31 * * *

32 Section 3. Title 24 is amended by adding a section to read:

33 Amend Bill, page 4, by inserting between lines 4 and 5

34 Section 4. Section 5901(f) of Title 71 is amended and the
35 section is amended by adding a subsection to read:

36 § 5901. The State Employees' Retirement Board.

37 * * *

38 (f) Board training.--Each member of the board will be
39 required to obtain [eight] 10 hours of mandatory training in
40 investment strategies, actuarial cost analysis, asset
41 allocation, risk assessment and retirement portfolio management
42 on an annual basis.

43 (g) Committees.--

44 (1) In order to be appointed to the Audit Risk and
45 Compliance Committee as a voting member, a board member must
46 first complete at least 16 hours of training in risk
47 assessments, internal controls and auditing standards. In
48 order to continue serving as a voting member of the Audit
49 Risk and Compliance Committee following initial appointment,

1 a board member must complete at least eight hours of
2 continuing education in risk assessments, internal controls
3 and auditing standards each calendar year thereafter.

4 (2) The board shall establish an executive committee,
5 which shall consist of the board chair, the board vice chair,
6 if one has been appointed, the chair of the Audit Risk and
7 Compliance Committee and the chair of the Finance and Member
8 Services Committee.

9 (3) The board shall establish an Asset Liability
10 Contingency Operating Committee, which shall be charged with
11 evaluating the risk associated with the system's assets and
12 liabilities.

13 Section 5. Section 5902(n) of Title 71 is amended to read:

14 § 5902. Administrative duties of the board.

15 * * *

16 (n) Independent audits.--

17 (1) The board shall provide for annual audits of the
18 system and the plan by independent certified public
19 accountants. The audits shall include the board's accrual and
20 expenditure of directed commissions. The board may use the
21 same independent certified public accountant for the audits
22 of both the system and the plan.

23 (2) The following shall apply:

24 (i) Except as provided under subparagraph (ii), the
25 board shall provide for an internal control audit of the
26 system and the plan at least every five years.

27 (ii) If an annual financial report prepared under
28 this section identifies a material weakness or
29 significant deficiency or an internal control audit
30 identifies a material weakness or significant deficiency,
31 the board shall provide for an additional internal
32 control audit of the system and the plan for the year
33 subsequent to the report or audit in which the weakness
34 or deficiency was identified.

35 * * *

36 Amend Bill, page 4, line 5, by striking out "2" and inserting

37 6

38 Amend Bill, page 6, line 19, by striking out "3" and

39 inserting

40 7

41 Amend Bill, page 6, line 24, by striking out all of said line

42 and inserting

43 (3) The amendment of 24 Pa.C.S. § 8501(f) and 71 Pa.C.S.
44 § 5901(f) shall apply after December 31, 2020.

45 Section 8. This act shall take effect as follows:

46 (1) The following shall take effect in 60 days:

1 (i) The addition of 24 Pa.C.S. § 8510.
2 (ii) The addition of 71 Pa.C.S. § 5901.
3 (2) This section shall take effect immediately.
4 (3) The remainder of this act shall take effect in 90
5 days.