

840 [CMR 25.00](#) Field Examinations Of

840 CMR 25.00. Field Examinations of Contributory Retirement Systems

REGULATORY AUTHORITY

840 CMR 25.00: M.G.L. c. 7, § 50; c. 32, § 21.

Deleted: mr

Deleted: The Conduct Of

Deleted: The Conduct Of

Deleted: O

Deleted: [Details]

840 Mass. Code Regs. 25.01 **Field** Examinations of
Contributory Retirement Systems (Code of Massachusetts
Regulations (2021Edition))

25.01. Field Examinations of Contributory Retirement Systems

840 CMR 25.00 is the standard rule for the field examinations of contributory retirement systems promulgated by **PERAC** pursuant to M.G.L. c. 7, § 50(a) and c. 32, § 21(1)(a). Except as otherwise provided by **PERAC**, or by statute, 840 CMR 25.00 shall govern any examination of the financial condition of a contributory retirement system.

Examinations of contributory retirement systems are conducted to determine the system's financial condition, to monitor performance under the terms of its legal, contractual and fiduciary requirements, and to examine the system's effectiveness in achieving the intended results established by M.G.L. c. 32.

An examination of each system shall be conducted at intervals not exceeding every three years to ascertain the system's financial condition, its ability to fulfill its obligations, whether all parties in interest have complied with the laws applicable thereto, and whether the transactions of the board have been in accordance with the rights and equities of those in interest.

The examination of a retirement system encompasses the period beginning on January 1 immediately following the ending date of the preceding M.G.L. c. 32, § 21(1)(a) examination. An examination of each intervening year of the audit period must be conducted as well as a review of the subsequent years as appropriate to ensure that the board is presently operating within the practices and procedures prescribed by **PERAC and M.G.L. c. 32**.

Prior to the start of the examination, the Board's Administrator will be provided with the Internal Control Questionnaire prescribed by **PERAC**. This questionnaire is designed to assist in understanding and evaluating internal controls. It consists of general questions that apply to all retirement boards, however, it does not purport to cover all aspects of internal control present at a particular system.

The board of any system may have an examination of its financial condition conducted by a certified public accountant or a public accountant selected by the board. Upon the employment of such person or firm, the board shall file said individual's or firm's name and address with **PERAC**.

Within ten days of making a report on the financial condition of the system to the board of such system, the individual or firm conducting the

examination shall file a certified copy thereof with the **PERAC**.

Any such examination conducted in accordance with 840 CMR 25.00 shall be

Deleted: conduct of

Deleted: the Public Employee Retirement Administration Commission

Deleted: the Commission

Deleted: by the supplementary rules of a particular retirement board approved by the Commission pursuant to 840 CMR 14.02,

Deleted: in accordance with generally accepted auditing standards ...

Deleted: cursory

Deleted: current

Deleted: the Commission

Deleted: Review

Deleted: the Commission

Deleted: Immediately

Deleted: u

Deleted: the Commission

Deleted: Commission

Deleted: ¶

**840 Mass. Code Regs. 25.01 Field Examinations of
Contributory Retirement Systems (Code of Massachusetts
Regulations (2021Edition))**

deemed upon acceptance by PERAC to be the examination required by M.G.L. c. 32, § 21(1)(a). To be so accepted by PERAC the examination(s) must cover the period beginning on January 1st of the year following the completion of the most recent examination conducted pursuant to said M.G.L. c. 32, § 21(1)(a), and ending on December 31st three years later. Acceptance is contingent upon PERAC's review of the audit workpapers.

In conducting an examination pursuant to 840 CMR 25.00, PERAC audit staff may utilize and rely on such portions of the report of an examination by a certified public accountant or public accountant selected by a retirement board as it deems appropriate. PERAC audit staff shall then examine areas supplemental to the board-selected accountant required by 840 CMR 25.00 and, together with the board-selected accountant's work, it shall be deemed acceptable as the examination required by M.G.L. c. 32, § 21(1)(a).

Deleted: the Commission

Deleted: the Commission

Deleted: the most recent

Formatted: Superscript

Deleted:

Deleted: An examination conducted by a certified public accountant or a public accountant selected by a retirement board will only be accepted in lieu of a M.G.L. c. 32, § 21(1)(a) examination if the individual or firm conducting said examination meets with a designee of the Commission within 30 days of the filing of the certified copy of the report of such examination; provided further, that copies of all work papers and schedules prepared during the course of the audit are submitted at the time of such meeting.

Deleted: An examination by a certified public accountant or a public accountant selected by a retirement board which is not conducted completely in accord with 840 CMR 285.00 may be deemed by the Commission PERAC to be acceptable with qualification as the examination required by M.G.L. c. 32, § 21(1)(a); provided, that the Commission PERAC audit staff shall cause its designees to conduct a supplemental examination of the retirement system to satisfy such qualification. In conducting such a supplemental examination, the Commission PERAC audit staff may utilize and rely on such portions of the report and supporting documentation prepared by the board selected auditor as it deems appropriate.