



**Policy for Regulation of Non-Compliant Retirement Systems  
Adopted August 28, 2013**

- I. **Applicability.** This policy applies to all public retirement systems defined in Chapter 802 of the Texas Government Code subject to the requirements of Sections 802.103, 802.104, and 802.108 of the Texas Government Code, which requires public retirement systems to submit to the Pension Review Board annual reports within a specified time frame.
- II. **Notification<sup>1</sup>.** The PRB will notify each system 60 days prior to the system's annual reports being due to the PRB. Additionally, the PRB will notify each system 15 days prior to the system's reports being due to the PRB.
- III. **Non-Compliant.** A plan is considered non-compliant if the PRB does not receive an audited annual financial report, annual membership report, and an investment returns and assumptions report before the 211<sup>th</sup> day after the last day of the plan's fiscal year.
- IV. **Late Notification.** A plan that has not submitted their annual reports within 15 days of their due date will be notified by the PRB of their non-compliant status and will be requested to submit the required reports.
- V. **Staff Action.** If the PRB does not receive the required reports within 15 days of the late notification, the staff of the PRB will contact the plan to notify them of their non-compliant status and attempt to resolve the compliance matter.
- VI. **Action of the Executive Director.** If a plan is still non-compliant 60 days from the date its reports were due to the PRB and the staff has been unable to work with the plan to resolve the compliance matter, the plan's name will be included on the list of non-compliant public retirement systems posted on the PRB website and the Executive Director will contact the plan to notify the plan of its non-compliant status and that the plan's non-compliant status may be addressed by the PRB at an upcoming Board meeting.
- VII. **Notification to Sponsoring Entity.** The Board shall notify the sponsoring entity of a plan that has its name included on the list of non-compliant public retirement systems posted on the PRB website in accordance with the Government Code Section 801.209 (c).

- VIII. Information to the Board. At each PRB meeting, staff will recommend to the Board non-compliant plans for discussion. Staff's recommendation will be based on the severity of non-compliance for each plan, indicating the amount of time that each plan has been non-compliant and efforts by staff to bring the plan into compliance, as well as the total net asset value of the plan and the total membership of the plan.
- IX. Board Determination. The Board will determine whether the non-compliant system/s require formal attention at the next Board meeting. If such determination is made, the PRB staff will notify the plan advising them that their plan will be placed on the agenda for formal discussion as a non-compliant plan at the next Board meeting. The Board will designate a specific time frame that the plan has to submit their report(s) or they will be requested to appear before the Board to discuss their compliance issue with the Board.
- X. Board Discussion. If the plan does not comply within the time specified, the plan will be placed on the agenda for the next meeting of the Board. The plan will be requested to appear for a formal discussion on its non-compliant status<sup>ii</sup>. At the meeting, the Chairman will recommend what further compliance steps are required, if necessary.
- XI. Further Action. To address the non-compliance of a plan, the Board may consider use of its statutory powers contained in sections 801.204, 801.205, and 802.003(d) of the Texas Government Code.

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<sup>i</sup> The PRB will notify the primary contact(s) listed in the PRB database for each plan. If a plan wishes to change or obtain the list of their primary contact(s), the plan should contact the PRB to request or change the information.

<sup>ii</sup> Each primary contact listed in the PRB database will receive notice of the Board's request for the plan to appear for a formal discussion of the plan's non-compliant status. The plan may designate a representative of the plan to appear for such discussion.