

**ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND  
POLICY AND PROCEDURE**

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**POLICY NUMBER:** PP-2021-01  
**SUBJECT:** BUDGET ADMINISTRATION POLICY  
**EFFECTIVE DATE:** JUNE 25, 2021  
**AMENDED:** OCTOBER 13, 2023

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**A. PURPOSE AND BACKGROUND**

1. The Board of Trustees shall annually adopt a budget to support its operations and administration. (40 ILCS 5/22B-118). The Fiscal Year covers the period of July 1 through June 30.
2. The purpose of the Budget Administration Policy is to establish the process by which the Board of Trustees adopts and administers the IPOPIF annual fiscal year budget.
3. The expenditures in any fiscal year will be reviewed against the approved budget on a regular basis to ensure budgetary control.

**B. ROLES**

1. The preparation and presentation of the proposed budget is the responsibility of the Executive Director with the support of the Chief Financial Officer. The Chief Investment Officer will provide appropriate input on the investment operations expenditures which are anticipated for the coming fiscal year.
2. The administration and monthly monitoring of the annual budget is the responsibility of the Board of Trustees.

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3. The Audit and Budget Committee, an advisory committee to the IPOPIF Board of Trustees, will review the preparation and presentation of the annual fiscal year budget.
4. The Audit and Budget Committee will report its recommendation on the annual fiscal year budget to the Board of Trustees.

**C. POLICY GUIDELINES**

1. Budget Process and Timing:
  - a. The Audit and Budget Committee will review the proposed budget for the next fiscal year at the first committee meeting that is scheduled in the final quarter of the current fiscal year, usually in April. In accordance with the Audit and Budget Committee Policy, this Committee will make a recommendation to the Board of Trustees for consideration.
  - b. The Board of Trustees will review the proposed budget for the next fiscal year at the next regular meeting following the Audit and Budget Committee review.
  - c. The budget for the next fiscal year shall be adopted by the Board of Trustees no later than June 30 of the current fiscal year.
2. Budget Administration and Controls:
  - a. The format of the proposed budget will organize expenditures of IPOPIF into various categories to facilitate comparison of the budget over time. Categories will be distinct to Board of Trustee expenses, Administrative Operations expenses, and Investment Operations expenses.
  - b. Funds may be moved within a budget category, as presented in the annual budget, at the discretion of the Executive Director. Funds may not be moved from one category to another without the approval of the Board of Trustees.
  - c. The Executive Director may request that the Board of Trustees amend the budget for the current fiscal year by presenting reasons for the budget amendment, its expected impact, and the cost of the amendment for the remainder of the fiscal year.
  - d. The Executive Director shall endeavor not to exceed expenditure levels specified in the approved or amended budget.

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- e. The Executive Director or designee shall provide monthly budget reports to the Board of Trustees. Any expenditures in excess of the budgeted amount or anticipated to be in excess of budgeted amounts are to be identified and explained.
- f. The Executive Director or designee shall provide a mid-year budget review to the Board of Trustees at the first regular meeting that is scheduled for the third quarter of the fiscal year, usually in January.

**D. POLICY REVIEW**

- 1. The Policy is subject to change in the exercise of the Board's judgement.
- 2. The Board of Trustees will review this policy at least every two (2) years to ensure that it remains relevant, appropriate, and consistent with state and federal laws and regulations.
- 3. In the event of legislative changes to the pertinent sections addressed in this policy, the Board of Trustees will review the policy as appropriate.
- 4. This Policy was adopted by the Board of Trustees on June 25, 2021.
- 5. This policy was amended by the Board on October 13, 2023:
  - a. Sections A: Budgeted revenue was deleted.
  - b. Section B: Investment operations changed from Investment related expenses.
  - c. Section C: Distinction of budget categories added and requirement of budget overages to be notated and explained.