2022-23 Enterprise Compliance and Risk Management Mid-Year Plan Update

Objective: Assess CalPERS compliance and risk management functions and prioritize initiatives that will modernize the systems, tools, and surveillance capabilities.

STATUS	INITIATIVES	Q2 UPDATES
	Initiative 1 **Establish an inventory of control requirements to support compliance and risk management practices.**	
50% ■	1.1. Document laws, rules, and regulatory requirements in collaboration with the First Line of Defense (FLOD). (Multi-year)	• Identified framework and resources to build out the process for manually tracking legislative and regulatory requirements; documented compliance and risk management program requirements.
50% ■	1.2. Document and assess core division process controls. (Multi-year)	• Implemented a centralized repository providing accurate, up-to-date information about delegations of authority to business partners across the enterprise; evaluated and strengthened core compliance process controls.
	Initiative 2 **Enhance oversight and monitoring capabilities to minimize compliance risks.**	
50% ■	2.1. Strengthen processes and tools to promote disclosure and identification of potential compliance issues.	• Conducted an enhanced review of 100% of all Form 700s filed for the 2021 reporting period. • Led training sessions to assist team leaders in how to identify potential conflicts of interest. Provided one-on-one training and outreach to over 100 team members regarding Form 700 filings.
50% ■	2.2. Provide managers and employees with education and tools to identify and disclose potential compliance issues.	• Collaborated with over 290 CalPERS Team Leaders to review over 750 Form 700s of their direct reports to evaluate potential conflicts of interest. • Provided compliance education and conflict of interest guidance to over 60 key new hires to improve their understanding of the conflict rules and requirements.

Status Legend   ■ On-Target   ■ At-Risk   ■ Off-Target

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STATUS	INITIATIVE	Q2 UPDATES
	Initiative 3 **Educate CalPERS team members to continue to cultivate an ethical and risk-intelligent organization.**	
90% ■	3.1. Enhance FLOD team member and management understanding of compliance and risk management priorities and concepts.	• Provided conflict of interest guidance to key programs, managers, and new hires to refresh their understanding of the conflict rules and disclosure requirements. • Implemented compliance and risk management education for management LEADER training.
80% ■	3.2. Develop and implement a risk assessment for program areas to identify and prioritize compliance risks.	• Conduct enterprise compliance risk assessment with program areas to identify key compliance risks for the organization.
100% ■	3.3. Conduct the Annual Enterprise Risk Assessment, including a review of risk appetite, dashboard, profiles, heat map, and developing risks.	• Completed the Annual 2022-23 Enterprise Risk Assessment and presented all materials at November 2022 Risk and Audit Committee.
80% ■	3.4. Implement ongoing risk reporting metrics into the Enterprise Performance Management framework.	• Partnered with the Enterprise Performance Management Division to begin including Strategic Risk Indicators in the quarterly Enterprise Performance Management reporting through the board's Insight tool.