



## Risk and Audit Committee

# Agenda Item 6a

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**February 13, 2023**

**Item Name:** 2022-23 Enterprise Compliance and Risk Management Mid-Year Plan Update

**Program:** Enterprise Compliance

**Item Type:** Information

### **Executive Summary**

This item is to provide the Risk and Audit Committee with the mid-year update of activities in the Enterprise Compliance and Risk Management Plan for the period July 1, 2022 through December 31, 2022.

### **Strategic Plan**

This item supports CalPERS' FY 2022-27 Organizational Excellence Strategic Plan Goal: Cultivate a diverse, risk-intelligent, and innovative culture through our team and processes, and Enterprise Compliance's strategic measures of Employee Compliance Awareness, Risk Management Effectiveness, Employee Risk Awareness, and Organizational Compliance Effectiveness.

### **Background**

On June 14, 2022, the Risk and Audit Committee approved the FY 2022-23 Enterprise Compliance and Risk Management Plan (Attachment 1) which incorporates industry practices and management priorities to carry out a successful organization-wide compliance and risk management program. In addition, the plan continues to develop compliance and risk management principles and standards to support a strong ethical and risk-intelligent culture.

### **Analysis**

The FY 2022-23 Enterprise Compliance and Risk Management Mid-Year Plan Update provides a dashboard view of the status of this year's initiatives as of December 31, 2022 (Attachment 2). Each initiative displays a completion status as a percentage of the total project accomplished and an associated color to indicate whether the initiative is on track to be completed this fiscal year. Additional status details are provided under the Q2 Updates column where applicable.

Key accomplishments for the first half of fiscal year 2022-23 include:

- Conducted an Enhanced Review of 100% of all Form 700s filed for the 2021 reporting period.
- Collaborated with over 290 CalPERS Team Leaders to review over 750 Form 700s of their direct reports to help identify 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.

### **Budget and Fiscal Impacts**

N/A

### **Benefits and Risks**

The purpose of the plan is to help ensure that CalPERS maintains compliance with all applicable laws, regulations, and policies. To this end, ECOM/ERMD continues to partner with program areas to support risk-informed decision-making and improve risk and compliance practices enterprise wide.

Benefits of implementing the plan include the following:

- Coordinated compliance and risk management efforts enhance the consistency of controls and support monitoring for adherence to policies and procedures
- Creates clarity in compliance roles, responsibilities, and expectations
- Enhances internal controls and compliance effectiveness

Risks associated with failure to implement the plan include the following:

- Allowing failures of policies, procedures, and laws to remain undetected
- Lack of risk awareness impacting organizational decision-making
- Potential loss of stakeholder confidence in CalPERS' ability to manage known risks

### **Attachments**

Attachment 1 – 2022-23 Enterprise Compliance and Risk Management Plan

Attachment 2 – 2022-23 Enterprise Compliance and Risk Management Mid-Year Plan Update

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