



## Agenda Item 8a

November 13, 2012

**ITEM NAME:** Target Operating Model Update

**PROGRAM:** Total Fund

**ITEM TYPE:** Organizational Systems & Controls – Information

### **EXECUTIVE SUMMARY**

This agenda item provides an update on the implementation of the Investment Office Target Operating Model (TOM). This update includes an overview of the TOM key focus areas, sequence of major initiatives, major accomplishments and future key deliverables.

### **STRATEGIC PLAN**

This agenda item supports the CalPERS Strategic Plan goal to cultivate a high-performing, risk-intelligent and innovative organization. Implementing a robust TOM minimizes complexity, improves transparency and strengthens processes, systems, governance and controls.

### **BACKGROUND**

The TOM was developed to mitigate the top risks identified in the Investment Office Risk Heat Map prepared in the fall of 2010. The top risks were Data Integrity, Portfolio Data & Analytics, and Control Environment. Failure to implement the TOM would result in an unacceptable level of operating and reputational risk for the Investment Office.

The TOM is a key component of the Investment Office Organization Systems and Controls strategic priority and was initially presented at the February 2011 Investment Committee meeting. A summary report on the TOM is presented periodically to the Investment Committee.

### **ANALYSIS**

This item aligns with the FY 2012-13 Investment Office Roadmap and supports all of the "TO" statements for Organization, Systems and Controls.

- Efficient, scalable, best-of-breed operating model with clear understanding of controls and risks
- Integrated data & systems for efficient, timely decision making driving superior investment performance
- Appropriate blend of simplicity & complexity
- Transparent organization structure, roles & processes for clear accountability

**ATTACHMENTS**

Attachment 1 – Quarterly Target Operating Model Status Report for the period ending October 31, 2012.

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