



## Agenda Item 7a

June 17, 2013

**ITEM NAME:** Investment Compliance Program Update

**PROGRAM:** Investment Compliance and Operational Risk

**ITEM TYPE:** Program Update – Information

### **EXECUTIVE SUMMARY**

This agenda item provides the first update to the Investment Committee on the Investment Compliance Program. This item reviews the Program's purpose and role within the Investment Office, duties and responsibilities, key accomplishments and upcoming initiatives.

### **STRATEGIC PLAN**

This agenda item supports the CalPERS Strategic Plan goal of cultivating a high-performing, risk intelligent and innovative organization. Periodic reports from Investment Compliance and Operational Risk (ICOR) on investment compliance supports the CalPERS Enterprise Compliance Framework and will support the Investment Committee in its oversight capacity with regard to compliance with investment policies, the Investment Office risk assessment and providing an effective control environment.

### **BACKGROUND**

Modeled after equivalent compliance functions found in institutional external managers engaged by CalPERS, ICOR will provide annual or more frequent reporting as needed, to the Investment Committee.

Investment Office Senior Staff are responsible for the design and implementation of the operational processes and internal controls to ensure achievement of business objectives, compliance, and the management of risk. The Compliance Program seeks to assist Investment Office staff in better understanding and managing compliance and operational risk, as well as creating clear target operating model initiatives specifically addressing operational risk, governance, systems and controls and compliance with policies, laws and regulations.

ICOR seeks to evolve practices in the Investment Office to ensure compliance with key policies, laws and regulations. Additionally, ICOR has established detailed and comprehensive investment compliance training to ensure that investment staff have full awareness and understanding of applicable policies, laws and regulations.

**ANALYSIS**

The attached presentation (Attachment 1) provides additional information on the following items:

- Program Overview: Role and Scope
- INVO Duties and Responsibilities
- Alignment of INVO Target Operating Model (TOM) Functions and ICOR Roadmap Objectives.

**ATTACHMENTS**

Attachment 1 – Investment Compliance Program Update

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