Policy: CalPERS Board of Administration Contract Activity Reporting Policy

Background

To provide transparency and ensure Board awareness of significant contracts; to enable the Board, where appropriate, to have an opportunity to participate in significant contract decisions before they are finalized; and to assist in the Board's monitoring responsibilities regarding staff's contract decisions, certain contracts and purchases that exceed a threshold of $1 million dollars or more will be reported on a prospective basis to the Board. Staff will continue to have delegated authority to select contractors where the power has not otherwise been reserved to the Board. However, staff will develop reports to provide sufficient information to the Board so that it is informed of upcoming contract activity and can request to participate in the selection decision or provide other input, at its discretion.

CalPERS Policy

Members of the CalPERS Board of Administration will receive a semi-annual report of upcoming contract activity that exceeds a threshold of $1 million or more and a quarterly report of all finalized contracts and engagements that exceed $100 thousand as set forth in this policy.

The Report Of Prospective Contract Activity (Prospective Report) will be presented as an action consent item to the Finance and Administration Committee (Committee) (1) at the time the annual budget is approved, and (2) at the time the mid-year budget adjustments are made. Upon approval, the Chief Executive Officer and his or her delegates will have authority to execute the contracts and expenditures set forth in the Prospective Report.

The Prospective Report will include the following:

- Requests For Proposals (RFPs) scheduled for development and release when the estimated total value of the contract or budget for the contractor or contractors is $1 million or greater in total value.
- Contracts exempt from the competitive bidding process and investment manager contracts which are $1 million or greater in total value.
- Spring-fed pool engagements or work from undefined dollar contracts or purchase orders which are $1 million or greater in total value.
- Any amendments to the contracts set forth above which cause the contract to exceed a threshold of $1 million or more when the contract has not otherwise been reported to the Committee.
- Items previously reported by the Committee, when the amount is increased by $1 million or more over the amount previously reported to the Committee.

The Prospective Report will not include the following:

- Purchase or work orders for routine, recurring services and goods including, for example, office and building supplies and maintenance, telephones, wireless devices, personal computers, office and building equipment, and information technology hardware and software and hardware and software maintenance.
- Investments in partnerships and limited liability companies, purchases or sales of securities or real property, and other similar investment transactions.

Any contracts that are covered by this policy but were not contained in the Prospective Report must be reported to the Committee as an action consent item at the next Committee meeting.

Upon approval of the Prospective Report, the Chief Executive Officer will have authority to execute the contract and expend funds up to $1 million over the amount set forth in the report.

If there is an immediate or emergency need for executing a contract or expending funds, which would otherwise be required to be prospectively reported to the Committee, the Chief Executive Officer may execute the contract or expend additional funds without prior reporting to the Committee, provided (a) the Chief Executive Officer consults with the Board President in advance of executing the contract, and (b) the Chief Executive Officer notifies the Committee in writing within five (5) business days of executing the contract. An immediate or emergency need includes, for example, the need to hire outside counsel to represent CalPERS in litigation.

Additional Reports

The Fiscal Services Division will provide a quarterly Contracts and Expenditures report to the Committee which includes the vendor name, type of services, type of award and total contract amount as a consent information item for all purchase orders, engagements, and contracts, by division, of $100,000 or greater in total value.

The Investment Office will provide a quarterly Spring-Fed Pool Letter of Engagement Commitment Report and an Annual Review of all existing Investment advisors and managers during the annual program review.

The Operations and Support Services Division will provide an Annual Report of all contracts and procurement activity over $100,000.

Effective Date

This Contract Activity Reporting Policy is effective July 1, 2012.