

California Public Employees' Retirement System Enterprise Risk Management Dashboard as of May 27, 2014							
Strategic		Operational		Financial		Compliance/Ethics	
FY2013-14 Oct   May   Trend   Risk Domain		FY2013-14 Oct   May   Trend   Risk Domain		FY2013-14 Oct   May   Trend   Risk Domain		FY2013-14 Oct   May   Trend   Risk Domain	
<b>Governance/Leadership</b> 1	This domain identifies risks of ineffective delegations, governance committees, policies and procedures, and leadership that may impact timely decisions that guide CalPERS to meet its strategic goals and objectives. This includes tone at the top.	<b>Business Planning</b> 11	This domain identifies risks that may impact creating and achieving relevant business plan objectives and action plans that are aligned with strategic risks. This includes effective implementation and monitoring of objectives and alignment of business planning process with other business decision processes.	<b>Financial Controls and Systems (Top Risk)</b> 23	This domain identifies risks that may impact the effectiveness of CalPERS financial controls to ensure accurate accounting for plan assets and liabilities. This includes policies and processes, implementation and management of controls for decision making, and use of assets, including appropriate authorizations, and segregation of duties.	<b>Laws, Rules, and Regulations (Top Risk)</b> 29	This domain identifies risks that may impact CalPERS and staff resulting from non-compliance with statutory requirements, specifically non-compliance with relevant laws, rules and regulations, including regulatory reporting and the effectiveness of a compliance framework.
<b>Strategic Planning and Implementation</b> 2	This domain identifies risk of achieving strategic goals and effectively planning and implementing objectives and initiatives to meet CalPERS vision, mission, goals and objectives. Includes the ability to effectively measure, report, and monitor achievement of strategic goals, objectives, and initiatives outlined in the strategic plan.	<b>Organization</b> 12	This domain identifies risks that may impact CalPERS alignment to be an effective organizational structure with clear roles and responsibilities to achieve objectives and serve our employers and members.	<b>Financial Planning</b> 24	This domain identifies risks that may impact the effectiveness of CalPERS budget and planning process which provides appropriate financial resources for the organization to meet its objectives.	<b>Fraud Detection and Prevention</b> 30	This domain identifies risks that may impact the protection of CalPERS assets, integrity, and credibility through effective fraud detection and prevention and investigation capabilities.
<b>Pension Funding (Asset Liability Management) (Top Risk)</b> 3	This domain identifies risks that may impact the sustainability of CalPERS pension plans' affordability and attractiveness to employers, and the goal of low volatility in contributions and appropriate funding levels through the management of asset and liabilities.	<b>Procurement and Contract Management</b> 13	This domain identifies risks that may impact CalPERS process to cost effectively and efficiently acquire goods or services and manage contracts consistent with applicable laws, regulations, and policies.	<b>Financial Reporting (Top Risk)</b> 25	This domain identifies risks that may impact the integrity of financial and management reporting which meets management's needs for decision making and legal and statutory requirements for disclosure.	<b>Policy and Procedures (Top Risk)</b> 31	This domain identifies risks that may impact compliance with all CalPERS policies and the effectiveness of a policy management framework.
<b>Asset Allocation (Top Risk)</b> 4	This domain identifies risks related to and arising out of asset allocation that may impact achieving the target rate of return, maintaining sufficient diversification to avoid large losses and preserve capital, and maintaining adequate funds to fulfill liabilities when they arise.	<b>Business Continuity Management</b> 14	This domain identifies risks that may impact CalPERS ability to effectively plan for recovery and business continuity in the event of a disaster, hazard situation, or other business interruption.	<b>Investment Risk Management</b> 26	This domain identifies risks that may impact the management, measurement, monitoring and reporting of investment risk. This includes adequacy of resources, tools and governance structure to measure and manage risk.	<b>Ethical Conduct and Standards</b> 32	This domain identifies risks that may impact adherence to ethical standards, core values, and guiding behaviors in CalPERS.
<b>Participating Employer Financial Hardship/Insolvency (Top Risk)</b> 5	This domain identifies risks related to and arising out of participating employer financial hardship or insolvency that may impact employers and members pension or health plan terms including benefits, contributions or premiums, or other actions that threaten the integrity and soundness of the system.	<b>Performance Management</b> 15	This domain identifies risks that may impact the ability for CalPERS to effectively and efficiently meet business objectives. This includes identification of appropriate business metrics, regular reporting and monitoring, and measurable improvement plans.  <i>Note: Final reporting period. This risk domain is included under Strategic Planning and Implementation domain (2).</i>	<b>Investment Controls &amp; Systems (Top Risk)</b> 27	This domain identifies risks that may impact CalPERS investment control framework to effectively manage the portfolio, minimize fund expenses, provide for safekeeping of assets, and operate the funds within context of all relevant legal requirements. This includes investment technology systems that are reliable and provide accurate, relevant data in a secure manner that supports the operations and accounting for investment funds.		
<b>Human Resources Management</b> 6	This domain identifies risks that may impact the availability of an adequate knowledgeable workforce with sufficient training and skills to meet organizational goals and objectives. This includes recruitment, hiring, succession planning, and labor relations.	<b>Physical Security Controls</b> 16	This domain identifies risks that may impact the proper level of operational controls in place to safeguard CalPERS campus, assets, mail, and equipment from damage or theft.	<b>Actuarial Policies/Practices</b> 28	This domain identifies risks that may impact actuarial policies relying on assumptions that serve as reasonable forecast of actual economic and demographic conditions and implementation of actuarial methods that are consistent with industry standards.		

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<b>Health Care Costs</b> 7 This domain identifies risks in the health care environment that may impact increases in health care benefit costs and may erode CalPERS ability to provide its members with high quality, cost effective health care services and adversely impact CalPERS as the preferred health care choice for employers and employees.	<b>Technology / Systems Management</b> 17 This domain identifies risks that may impact CalPERS ability to provide a highly reliable, accessible, available technology infrastructure that meets enterprise-wide information needs.		
<b>Long Term Care Program</b> 8 This domain identifies risks that may impact CalPERS Long Term Care program and that it is sufficiently funded to provide services expected. This includes performance of third-party administrator and overall fund status.	<b>Information Security (Top Risk)</b> 18 This domain identifies risks that may impact information security that protects access to employer and member personal health and financial data, and prevents loss of information assets. Includes compliance with CalPERS information security policies and state requirements.		
<b>Legislative / Regulatory</b> 9 This domain identifies risks that may impact State and Federal legislative/regulatory changes that may impede CalPERS ability to meet its fiduciary responsibility and accomplish its goals and objectives.	<b>Customer Service</b> 19 This domain identifies risks that may impact the ability for CalPERS to efficiently meet and exceed members and employers service expectations and established performance measures.		
<b>Stakeholder Perception (Top Risk)</b> 10 This domain identifies risks that may impact effective communications and relationships with key stakeholders who require a high level of confidence in CalPERS. These critical partnerships are necessary in order to successfully deliver retirement and health benefits to CalPERS members.	<b>Pension Reform Implementation</b> 20 This domain identifies risks that may impact CalPERS effective implementation of and compliance with the Public Employee Pension Reform Act (PEPRA).  <i>Note: Final reporting period. This risk domain will be discontinued.</i>		
	<b>Health Plan Management</b> 21 This domain identifies risks that may impact health plans and that they are adequately funded for CalPERS to offer cost-effective, accessible, quality health care options.		
	<b>Data Integrity and Management</b> 22 This domain identifies risks that business resource data might be inaccurate, incomplete, or not available for appropriate decision making due to insufficient data governance or controls.		

**Residual Risk - Considering risk responses and the remaining risk exposure.**

	Minimal
	Moderate
	Elevated
	High

**Trend - Considering risk management plans and environmental factors, the residual risk trend over the next 6 months.**

	Decrease
	Remain constant
	Increase