









California Public Employees Retirement System Top Risk Summary as of Oct. 20, 2014

Risk Category	Risk Domain	Risk Ranking			Current Trend	Owner	Oversight
		Oct-13	May-14	Oct-14			
1 Strategic	Pension Funding (Asset Liability Management)					Chief Investment Officer Chief Actuary Chief Financial Officer	Investment Committee Finance and Administration Committee
2 Compliance/Ethics	Policy and Procedures					Chief Risk & Compliance Officer	Risk and Audit Committee
3 Strategic	Participating Employer Financial Hardship/Insolvency					Chief Financial Officer	Finance and Administration Committee
4 Compliance/Ethics	Laws, Rules and Regulations					Chief Risk & Compliance Officer	Risk and Audit Committee
5 Financial	Financial Controls and Systems					Chief Financial Officer	Finance and Administration Committee
6 Operational	Information Security					DEO, Operations & Technology	Finance and Administration Committee
7 Strategic	Stakeholder Perception					DEO, External Affairs	Pension and Health Benefits Committee
8 Financial	Investment Controls and Systems					Chief Operating Investment Officer	Investment Committee
9 Strategic	Health Care Cost					DEO, Benefit Programs Policy & Planning	Pension and Health Benefits Committee
10 Operational	Physical Security Controls					DEO, Operations & Technology	Finance and Administration Committee





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

Top Risk Report: Pension Funding (Asset Liability Management)				
Risk Category: Strategic	Oct-13	May-14	Oct-14	Current Trend
Risk Domain Rating				
Rating Comments: There is no change to the risk rating in this reporting period.				
Risk Statement				
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.				
Designated Executive Owner:				
Chief Investment Officer Chief Actuary Chief Financial Officer				
Sub Risks				
<ul style="list-style-type: none"> ▪ Contribution Rate Volatility ▪ Contribution Rate Level ▪ Funded Status Level ▪ Investment Risk and Return ▪ Total Risk ▪ Asset Liability Mis-match 				
Management's Risk Response Strategies: Accomplished Risk Response				
<ul style="list-style-type: none"> ▪ Developed the integrated Asset Liability Decision Making Framework to bring the issue of funding risk into the evaluation of actuarial and investment decisions ▪ Conducted Board ALM workshops to improve the understanding of the current risk level. However, these workshops did not change (or reduce) the overall level of market risk in the Plan 				
Management's Risk Response Strategies: Ongoing Risk Response				
<ul style="list-style-type: none"> ▪ Continue Board education about the Asset Liability Management Model ▪ Review actuarial assumptions every 4 years ▪ Make recommendations on how pension funding methods and policies impact contribution rate volatility ▪ As part of INVO's ongoing portfolio and investment risk management process, staff manages specific risks, reviews asset allocation strategies, and increases diversification of investment through portfolio management in order to reduce idiosyncratic risk ▪ Continue to inform the Board and stakeholder community about the degree of dependence on investment return to support benefit payments and the outcome of adverse market conditions ▪ Actively monitor market environment and the associated risks ▪ Continue reporting to the Investment Committee the level of Total Risk and the drivers associated with the market environment and from "active management" decisions made by staff 				
Management's Risk Response Strategies: Planned Risk Response				
<ul style="list-style-type: none"> ▪ Make recommendations on how pension funding methods and policies impact contribution rate volatility ▪ Review actuarial assumptions every 4 years ▪ Asset allocation strategy is currently reviewed every 3 years per Board policy, and will move to a 4 year cycle once approved by the Investment Committee. This review leads to the preferred asset allocation mix for CalPERS investment portfolio 				

Top Risk Report: Policy and Procedures				
Risk Category: Compliance	Oct-13	May-14	Oct-14	Current Trend
Risk Domain Rating				
Rating Comments: There is no change to the risk rating in this reporting period. Risk response strategies are further developed to respond to the risk.				
Risk Statement				
This domain identifies risks that may impact compliance with all CalPERS policies and the effectiveness of a policy management framework.				
Designated Executive Owner:				
Chief Risk & Compliance Officer				
Sub Risks				
<ul style="list-style-type: none"> ▪ Policy Administration ▪ Policy Measures and Monitoring ▪ Policy Standards 				
Management's Risk Response Strategies: Accomplished Risk Response				
<ul style="list-style-type: none"> ▪ Established enterprise policy management function ▪ Established policy templates to standardize and ensure consistency and continuity of operational and administrative policies ▪ Created a communication outreach plan ▪ Designed a Policy Development workshop to train staff on new policy and procedure development processes and lifecycle management ▪ Implemented Archer Policy Module 				
Management's Risk Response Strategies: Ongoing Risk Response				
<ul style="list-style-type: none"> ▪ Maintain policy library via SharePoint ▪ Enhance Archer Policy Module ▪ Continue to build and enhance the policy oversight and compliance monitoring function ▪ Continue to conduct and mature the process for compliance reviews 				
Management's Risk Response Strategies: Planned Risk Response				
<ul style="list-style-type: none"> ▪ Implement policy library via SharePoint ▪ Implement communication and training plans ▪ Establish policy oversight and compliance monitoring function ▪ Conduct periodic compliance reviews ▪ Retire outdated policies 				

Top Risk Report: Participating Employer Financial Hardship/Insolvency

Risk Category: Strategic	Oct-13	May-14	Oct-14	Current Trend
Risk Domain Rating				
Rating Comments: There is no change to the risk rating in this reporting period.				

Risk Statement

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.

Designated Executive Owner:

Chief Financial Officer

Sub Risks

- Legal/Legislation
- Termination Authority
- Employer Contributions
- Stakeholder Perception (Reputation)
- Financial

Management's Risk Response Strategies: Accomplished Risk Response





- Formed a committee and integrated efforts with staff in legal and FCSD to clarify aging of accounts receivable, improve overall process of collection, exercise a proactive approach to identify potential delinquent risks related to collection from contracting employers
- Established a centralized collection process that monitors outstanding payments, provides notifications for past due amounts and applies interest/penalties for delinquent accounts
- Provided active education related to termination as well as termination cost to contracting employers
- Performed policy analysis to determine when CalPERS might want to initiate termination proceedings
- Included termination costs in the employer actuarial valuations
- Updated assessment of stakeholder perceptions risk
- Engaged in a three-year stakeholder assessment project being conducted from 2013 through 2015, and presented key findings from the stakeholder assessment, including follow-up interviews to the online surveys, an analysis of recent media coverage and stakeholder interviews





Management's Risk Response Strategies: Ongoing Risk Response

- Actively defend the integrity and soundness of the system in current bankruptcy court cases; participate by filing amicus briefs as appropriate
- Continue to actively monitor and decide whether to sponsor legislation to strengthen the soundness of system
- Analyze relevant bankruptcy court cases such as Detroit and understand the potential impact to CalPERS
- Review criteria for hardship qualification which could lower contribution rates and may prevent employer from termination or going into bankruptcy
- Engage directly with employers to educate them on what options they have to minimize their pension cost exposure
- Monitor overall economy including forecasts to analyze potential impact to CalPERS resulting from municipal bankruptcy
- Proactively engage and educate media
- Engage and increase communication and awareness with elected officials, members, and staff
- Engage with stakeholders and conduct briefings, updates, and notices
- Actively monitor financial situation and report to the Board (Quarterly Financial Reports, Year-To-Date Financial Reports, Accounts Receivable Analysis Report)
- Develop payroll financial data map in terms of where data is derived, who reviews the data, accuracy of the data, and other related processes and controls

Management's Risk Response Strategies: Planned Risk Response

- Proactively monitor participating employers that may potentially become delinquent with their payments
- CalPERS staff is proactively engaging in appropriate leadership activities, including coalition building with California and other state retirement systems, focused advocacy on critical issues, proactive communications and education on completed reforms, and continued support of and leadership with national industry organizations
- Develop financial data gap analysis based on the analysis of the financial data map to identify areas where changes are needed
- Implement plan to improve the payroll data process to ensure timeliness, accuracy and completeness of payroll report generated accounts receivables
- Engage and strengthen relationships between CalPERS Executive Team and employer senior leaders

Top Risk Report: Laws, Rules and Regulations				
Risk Category: Compliance/Ethics	Oct-13	May-14	Oct-14	Current Trend
Risk Domain Rating				
Rating Comments: There is no change to the risk rating in this reporting period. Risk response strategies are further developed to respond to the risk.				
Risk Statement				
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.				
Designated Executive Owner: Chief Risk and Compliance Officer				
Sub Risks				
<ul style="list-style-type: none"> ▪ Regulatory Compliance Failure ▪ Inconsistencies in Policies and Underground Regulations ▪ Legal Sanctions 				
Management's Risk Response Strategies: Accomplished Risk Response				
<ul style="list-style-type: none"> ▪ Investigated hotline incidences that may impact compliance with laws, rules and regulations ▪ Conducted compliance reviews to monitor adherence to regulations, policies and procedures ▪ Provided compliance training and awareness education to CalPERS staff and Board members (e.g., Information Security, HIPAA, Sexual harassment, Form 700 Ethics, Working Values Ethics, and Board Fiduciary) ▪ Built a centralized searchable database of compliance documents necessary to comply with relevant U.S. federal, State and local regulations 				
Management's Risk Response Strategies: Ongoing Risk Response				
<ul style="list-style-type: none"> ▪ Investigate hotline incidents that may impact compliance with laws, rules and regulations ▪ Design and implement effective policies and procedures that take into consideration CalPERS fiduciary obligation to its members ▪ Provide compliance training and awareness education to CalPERS staff and Board members, including Fiduciary and Accountability training ▪ Conduct compliance reviews to monitor adherence to regulations, policies, and procedures ▪ Establish formal process for reports required by legislative mandate to ensure timely response ▪ Build and mature a compliance program based on industry best practices and guidelines ▪ Develop, implement and communicate the Integrated Assurance Model and three lines of defense to increase awareness and ensure enterprise-wide understanding of roles and responsibilities ▪ Maintain a centralized searchable database of compliance documents necessary to comply with relevant U.S. federal, State and local regulations ▪ Implement eGRC automated solution tool to enhance enterprise-wide collaboration, promote principled performance and enable efficiency throughout the organization 				
Management's Risk Response Strategies: Planned Risk Response				
<ul style="list-style-type: none"> ▪ Design and implement effective policies and procedures that take into consideration CalPERS fiduciary obligation to its members ▪ Maintain formal process for reports required by legislative mandate to ensure timely response ▪ Continue to mature the compliance program ▪ Sustain the Integrated Assurance Model and three lines of defense to increase awareness and ensure enterprise-wide understanding of roles and responsibilities ▪ Implement eGRC automated solution tool to enhance enterprise-wide collaboration, promote principled performance and enable efficiency throughout the organization ▪ Designate Americans with Disability Act (ADA) contact person and ensure the compliance of the required online accessibility requirements 				

Top Risk Report: Financial Controls and Systems				
Risk Category: Financial	Oct-13	May-14	Oct-14	Current Trend
Risk Domain Rating				
Rating Comments: There is no change to the risk rating in this reporting period. Risk response strategies are further developed to respond to the risk.				
Risk Statement				
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.				
Designated Executive Owner: Chief Financial Officer				
Sub Risks				
<ul style="list-style-type: none"> ▪ Treasury Management ▪ Financial Data Governance & Integrity ▪ my CalPERS Financial Transactions ▪ Staff Capability & Skillsets ▪ Accounting Controls & Information 				
Management's Risk Response Strategies: Accomplished Risk Response				
my CalPERS Financial Transactions				
<ul style="list-style-type: none"> ▪ Reconciled my CalPERS data with PeopleSoft ensuring systems are integrated 				
Staff Capability & Skillsets				
<ul style="list-style-type: none"> ▪ Developed financial organization that includes a CFO, Controller and Chief of Financial Planning & Analysis 				
Accounting Controls & Information				
<ul style="list-style-type: none"> ▪ Reviewed contracts to evaluate all accounting related information 				
Management's Risk Response Strategies: Ongoing Risk Response				
Treasury Management				
<ul style="list-style-type: none"> ▪ Develop operational yearly cash forecast ▪ Develop Treasury Management function consolidating all cash related functions within one area including cash reconciliation and operational cash forecasting for all Trusts 				
Financial Data Governance & Integrity				
<ul style="list-style-type: none"> ▪ Identify investment related accounting book of records (subsidiary ledgers) that feeds information to the general ledger and evaluate controls within each of the applications/functions to identify gaps ▪ Implement necessary controls to validate accounting information within the subsidiary ledgers for absolute return strategy and corporate governance portfolios 				
my CalPERS Financial Transactions				
<ul style="list-style-type: none"> ▪ Educate organization about the importance of financial data and that the my CalPERS application is both a financial application and a customer service application ▪ Review each of the system changes to ensure accounting design changes are incorporated 				
Staff Capability & Skillsets				
<ul style="list-style-type: none"> ▪ Develop classifications that support the necessary skills needed in CalPERS Financial Office ▪ Evaluate gap analysis of skills to determine training needs for staff and develop/implement training plans to close the gaps 				
Accounting Controls & Information				
<ul style="list-style-type: none"> ▪ Work with third party and program areas to ensure financial controls are established and exercised ▪ Develop processes to review financial information provided by third party vendors 				

Management's Risk Response Strategies: Planned Risk Response***Treasury Management***

- Implement Enterprise Treasury Management function detailing roles and responsibilities
- Implement an integrated enterprise cash forecast process evaluating risks and options for liquidity management (for all Trusts)
- Hire/train qualified staff to develop and implement/manage Treasury Management functions

Financial Data Governance & Integrity

- Continue implementation of the necessary controls related to the subsidiary ledgers for investment related data including implementation of Private Equity Accounting & Reporting Solution (PEARS)
- Identify the health, pension, and other related accounting book of records (subsidiary ledgers) that feeds information to the general ledger and evaluate controls within each of the applications/functions to determine any gaps

my|CalPERS Financial Transactions





- Continue to educate organization about the importance of financial data and that the my|CalPERS application is both a financial application and a customer service application
- Continue to review each of the system changes to ensure accounting design changes are incorporated
- Evaluate system design to report accounting related entries (including risk pool entries) that do not happen when a transaction is performed





Staff Capability & Skillsets

- Get approval from Department of Finance/CalHR for pension consulting classifications
- Continue training staff to close gaps





Accounting Controls & Information

- Change contracting process to incorporate financial office review to ensure necessary financial controls are incorporated and necessary information is required from third party vendors
- Consolidate all the accounting policies under FINO central management

Top Risk Report: Information Security				
Risk Category: Operational	Oct-13	May-14	Oct-14	Current Trend
Risk Domain Rating				
Rating Comments: There is no change to the risk rating in this reporting period. The trend changes from decrease to remain constant. Risk response strategies are further developed to respond to the risk.				
Risk Statement				
This domain identifies the risks associated with the capacity and sustainability of information management procedures and practices that ensures the security of CalPERS information assets, including but not limited to personal health and financial data of our employers and members.				
Designated Executive Owner:				
DEO, Operations & Technology Chief Financial Officer				
Sub Risks				
<ul style="list-style-type: none"> ▪ Large Scale Data Breach ▪ Targeted Information Disclosure ▪ Compromised System Operation and Integrity ▪ Malicious Activity Difficult to Discover ▪ Severe Denial of Service Attack 				
Management's Risk Response Strategies: Accomplished Risk Response				
<ul style="list-style-type: none"> ▪ Created information security policy for data protection [ERMD/ISMS] ▪ Implemented technical controls on CDs, DVDs, and USB storage devices ▪ Implemented security configurations for desktops in compliance with rigorous US Government standards ▪ Applied technical controls that include firewalls, intrusion detection and preventions systems, and malicious code protection systems ▪ Performed security assessment for remote access systems ▪ Implemented limited my CalPERS security reporting 				
Management's Risk Response Strategies: Ongoing Risk Response				
<ul style="list-style-type: none"> ▪ Locate and secure data using Data Loss Prevention technology ▪ Implement and manage security patches for CalPERS information systems ▪ Provide technical staff training ▪ Apply antivirus protection and remediation tools ▪ Monitor sensitive data leaving CalPERS via our network ▪ Provide annual information security awareness training ▪ Identify and classify business data (ERMD/ISMS) ▪ Require authorization for business data leaving CalPERS (ERMD/ISMS) 				
Management's Risk Response Strategies: Planned Risk Response				
<ul style="list-style-type: none"> ▪ Implement Security Incident and Event Monitoring ▪ Implement protection for non-CalPERS web based email and storage ▪ Implement Network Access Control systems to improve controls over access to our network ▪ Conduct information security compromise assessment 				

Top Risk Report: Stakeholder Perception				
Risk Category: Strategic	Oct-13	May-14	Oct-14	Current Trend
Risk Domain Rating				
Rating Comments: There is no change to the risk rating in this reporting period. Risk response strategies are further developed to respond to the risk.				
Risk Statement				
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.				
Designated Executive Owner: DEO, External Affairs				
Sub Risks				
<ul style="list-style-type: none"> ▪ Stakeholder Management ▪ Governmental Relations ▪ Communications ▪ Public perception/reputation 				
Management's Risk Response Strategies: Accomplished Risk Response				
<ul style="list-style-type: none"> ▪ Completed the 3rd phase of the Stakeholder Assessment project. The on-line survey and phone interview were sent to CalPERS employees, employers, members, and key legislative stakeholders ▪ Increased visibility and public presence of CalPERS leadership in the media and among stakeholders 				
Management's Risk Response Strategies: Ongoing Risk Response				
<ul style="list-style-type: none"> ▪ Conduct a monthly Stakeholder Engagement Briefing ▪ Infuse the brand voice and visuals throughout CalPERS communications ▪ Manage the Sales Coordination Group, which consists of staff from across CalPERS sales and outreach areas and meets regularly to reduce risks related to stakeholder perceptions ▪ Utilize a framework for coordinated engagement and leadership to identify areas of focus for our outreach that include investment and pension beliefs, integrated health care and risk management ▪ Recommend to leadership opportunities for expanded outreach ▪ Engage with the media, stakeholders, and the legislature on important topics, such as Legal proceedings, investment decisions, and pension issues ▪ Develop relationships with academia, California business community and financial industry partners, through thought leadership initiatives to support the effectiveness of our retirement, health and investment programs ▪ Inform Legislative leaders, key committee chairs and vice chairs, and consultants about issues that could impact CalPERS reputation ▪ Build alignment and relationships between CalPERS executive team and key legislative leaders ▪ Hold periodic briefings to educate Legislative Members and staff on important CalPERS issues ▪ Maintain a responsive and effective legislative constituent help desk within GOVA ▪ The publication of the CalPERS Legislative Newsletter ▪ Expand ability to be more transparent and keeping our members and stakeholders informed through various webinars and webcasts, including live Board meetings on the Web ▪ Enhance social media strategies by raising our voice in the electronic conversation through monitoring and engaging with stakeholder groups via social media channels ▪ Correct the record in the media ▪ Improve the usability and experience of our website for a better customer service experience 				
Management's Risk Response Strategies: Planned Risk Response				
<ul style="list-style-type: none"> ▪ Continue to infuse stakeholder engagement and communication into future business plan initiatives ▪ Conduct subsequent phases of the Stakeholder Assessment Project (SAP) ▪ Continue web-usability initiative ▪ As part of the enterprise Strategic Measures Project, EXAB will measure the number of positive, negative or neutral articles that mention or feature CalPERS programs, policies or work in the areas of asset liability management, health care and wellness, and investments and global governance. <ul style="list-style-type: none"> ▪ Engage and strengthen relationships between CalPERS Executive Team and employer senior leaders 				

Top Risk Report: Investment Controls and Systems

Risk Category: Financial	Oct-13	May-14	Oct-14	Current Trend
Risk Domain Rating				
Rating Comments: The risk rating changed from elevated to moderate for this reporting period. The main reasons for the change are due to the translation of risk ranking based upon Target Operation Model (TOM) risk ranking criteria to CalPERS Enterprise Risk Management risk assessment criteria; and the significant progress made towards sub risks of the domain such as INVO cash forecasting, investment evaluation and monitoring - private equity, external manager/partner selection and governance.				

Risk Statement

This domain identifies risks that may impact the effectiveness of CalPERS Investment Office to ensure the ability to design, develop, and implement a robust operating model that minimizes complexity, improves transparency, strengthens processes, systems and controls.

Designated Executive Owner:

Chief Operating Investment Officer

Sub Risks

- INVO Cash Forecasting (Cash Management)
- Investment Evaluation and Monitoring Tools – Private Equity
- External Manager / Partner Selection and Governance
- Portfolio Data and Analytics
- Recruiting & Retention

Management's Risk Response Strategies: Accomplished Risk Response

- Achieved a 50% reduction in the number of high risk functions, from initial assessment conducted in Dec 2012, and continue to improve the TOM risk levels
- Extended “Heavy Lifting” phase to reflect the pace of achievable change
- Completed 75% of INVO Roadmap initiatives. This includes:
 - Public markets portfolio management
 - Derivatives Central Clearing & Processing
 - Manager Selection – Standards and Compliance (Phase I)
 - Investment Compliance Monitoring
 - Investment Proposal Administration Enhancements
 - Contract management - INVO workflow management





Management's Risk Response Strategies: Ongoing Risk Response





Continue the following INVO Roadmap initiatives:

- Private equity portfolio management, accounting & data services
- Investment expense management & CAFR support
- Trust (fund) structure validation & redesign
- Performance measurement attribution
- Incentive compensation reengineering
- Pricing and valuation
- Affiliate investment program - process & technology
- Technology management
- Cash management - process & controls
- Investment policy revisions
- Disaster recovery/business continuity

Management's Risk Response Strategies: Planned Risk Response

- Conducting TOM risk assessment and refresh
- Data Management – Core Capabilities initiative start-up
- Manager Monitoring – Standards and Compliance initiative start-up (Phase II)

Top Risk Report: Health Care Cost				
Risk Category: Strategic	Oct-13	May-14	Oct-14	Current Trend
Risk Domain Rating				
Rating Comments: There is no change to the risk rating in this reporting period. Risk response strategies are further developed to respond to the risk.				
Risk Statement				
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.				
Designated Executive Owner: DEO, Benefit Programs Policy & Planning				
Sub Risks				
<ul style="list-style-type: none"> ▪ HMO/PPO total cost of health care ▪ Rising pharmaceutical costs ▪ Demographic shift ▪ Health care inefficiencies ▪ Contracting agency participation 				
Management's Risk Response Strategies: Accomplished Risk Response				
<ul style="list-style-type: none"> ▪ Improved health plan contracts by adding performance metrics for reducing avoidable use of the ER, reduced readmission rates, patient safety, and other viable cost reduction efforts ▪ Added 4 new HMO health plans to increase competition ▪ Developed specific contractual provisions, including performance measures, with all current health plans related to promoting and maintaining healthy lifestyles for our membership ▪ Introduced new innovative approaches to reduce health care cost trends through new regional health plans to remain competitive in the California healthcare industry. (HMO Flex Funded Plan) 				
Management's Risk Response Strategies: Ongoing Risk Response				
<ul style="list-style-type: none"> ▪ Use integrated health models and patient centered medical home approach and principles to assess health plan disease management, care coordination and intensive case management programs for members with multiple chronic conditions, resulting in shared savings between CalPERS and providers, facility and physicians ▪ Adopt Value Based Purchasing and specialty care Rx cost reduction strategies ▪ Implement specialized Networks (i.e. Net Value, PERS Select, etc.) ▪ Dependent Eligibility Verification ▪ Develop a Wellness Platform ▪ Align medical and pharmacy benefits across health plans via contract provisions to close clinical gaps in care, improve shared-decision making, control expensive specialty drugs, improve palliative care, support preventive care, as well as implement population health management. ▪ Reduce hospital readmissions by implementing Health and Long Term Care program Transition Care Pilot 				
Management's Risk Response Strategies: Planned Risk Response				
<ul style="list-style-type: none"> ▪ Ongoing risk response will also serve as planned risk response 				

Top Risk Report: Physical Security and Controls				
Risk Category: Operational	Oct-13	May-14	Oct-14	Current Trend
Risk Domain Rating				
Rating Comments: There is no change to the risk rating in this reporting period.				
Risk Statement				
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.				
Designated Executive Owner:				
DEO, Operations & Technology				
Sub Risks				
<ul style="list-style-type: none"> ▪ Damage or theft ▪ Facility security ▪ Mail security ▪ Health and Safety Risk 				
Management's Risk Response Strategies: Accomplished Risk Response				
<ul style="list-style-type: none"> ▪ Effectively used architecture, landscaping and lighting to achieve improved security by deterring, disrupting or mitigating potential threats ▪ Implemented proven systems and technologies designed to deter, detect, report and react against threats ▪ Established policies and procedures to prevent unauthorized access to a facility and business assets, whether through carelessness, criminal intent or an outside threat ▪ Increased public access control from 2nd floor and above at LPE building ▪ Trained security personnel to protect and enforce the security procedures and policies governing a building's or business' operations ▪ Setup armed security & X ray machines for Board meeting security ▪ Posted security officers at regional office during working hours ▪ Enhanced security controls at regional office entrance ▪ Provided 24/7 security guard presence ▪ Implemented secure reception counters in Human Resources, Sacramento Regional Office ▪ Increased security control for Board offsite meetings 				
Management's Risk Response Strategies: Ongoing Risk Response				
<ul style="list-style-type: none"> ▪ Collect keys and obtain and deactivate access cards when personnel terminate employment with CalPERS ▪ Build and implement a comprehensive security plan, periodically review and update it ▪ Periodically upgrade security system ▪ Setup closed-circuit television (CCTV) cameras and monitor 24/7 ▪ Continuously store all checks and deposit forms in locked cabinets and restrict access to management only ▪ Protect CalPERS from exposure to threats via mail receipt by using mail scanning system 				
Management's Risk Response Strategies: Planned Risk Response				
<ul style="list-style-type: none"> ▪ Ongoing risk response will also serve as planned risk response 				