



Agenda Item 6

March 17, 2015

ITEM NAME: Review of the Risk & Audit Committee Delegation

PROGRAM: Administration

ITEM TYPE: Action

RECOMMENDATION

Recommend approval to the Risk & Audit Committee (RAC) Delegation for Board of Administration's (Board) consideration and approval at the April Board meeting.

EXECUTIVE SUMMARY

Attachment 1 displays the current Committee Delegation Resolution (Delegation). Staff do not propose any changes to the current delegation based on this year's review.

STRATEGIC PLAN

This item supports Goal B of the CalPERS 2012-2017 Strategic Plan (Strategic Plan), which is to cultivate a high-performing, risk-intelligent and innovative organization. It also supports the specific objectives: use a focused approach to generate, test, refine and implement new ideas, to deliver superior end-to-end customer services that are adaptive to customer needs, and to actively manage business risks with an enterprise-wide view.

BACKGROUND

In accordance with the Board Governance Policy, each committee's delegation is reviewed annually and updated as needed. This item brings to the Committee the opportunity to update its authorities, enhancing the overall role of the Committee from an enterprise-wide perspective.

ANALYSIS

Staff reviewed the Risk and Audit Committee's Delegation with consideration to the Strategic Plan and Enterprise needs, and concluded the existing Delegation includes the appropriate committee composition, authorities, and conditions. Staff do not propose any changes in the current year.

BUDGET AND FISCAL IMPACTS

Not applicable.

BENEFITS/RISKS

The benefits of accepting this item include:

- Appropriately defined guidance to the Risk and Audit Committee and staff to manage the effectiveness and integrity of the Board's processes, including oversight, accountability, transparency, efficiency and decision-making.
- Maintaining Risk and Audit Committee authorities that align with the Strategic Plan and the Board Governance Policy.
- Identifying and distinguishing between the roles of the Board, Risk and Audit Committee, and staff.
- Ensuring the Risk and Audit Committee has appropriate authority to maintain strategic oversight of Enterprise operations and needs.

The risks of not accepting this item include:

- Reduced effectiveness of the Risk and Audit Committee and staff in operating in accordance with the Board's processes, including oversight, accountability, transparency, efficiency and decision-making.
- Reduced clarity between the roles of the Board, Risk and Audit committee, and staff.
- The Risk and Audit Committee not having the required authority to take action on or oversee mission critical objectives.

ATTACHMENTS

Attachment 1 – Risk & Audit Committee Delegation Resolution RA-15-01

CHERYL EASON
Chief Financial Officer