

Risk Management | Risk Summary Report

Risk Category	Risk Domain	Previous Risk Ranking			Previous Trend	Proposed Ranking		Notes
		May-14	Oct-14	May-15		Nov-15	Projected Trend	
Strategic	Participating Employer Hardship - Legal/Legislation - Termination Authority - Employer Contributions - Stakeholder Perception (Reputation) - Financial							Trend is expected to remain constant, as there is remaining prospect of employers' financial hardship due to budgetary strain with large pension obligations. Among Top 10 risks
Strategic	Pension Funding (Asset Liability Management) - Contribution Rate Volatility - Contribution Rate Level - Funded Status Level - Investment Risk and Return - Total Risk - Asset Liability Mismatch							Trend is expected to raise Upward due to many factors that affect pension funding risk are not within CalPERS control, challenges associated with today's market environment, and the risk has a long-term horizon. Among Top 10 risks
Strategic	Strategic Planning and Implementation - Monitoring and Reporting on Strategic Plan Implementation - Staff Capability and Skillsets - Internal/External Environmental Impact on Strategy - Measurement Data Availability							No Change. Overall rank remains at Minimal due to maturing of the program through planning activities and frequent reporting to the Board.

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

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Operational	Business Continuity Management - Customer Services Interruption - Financial Losses - Integration of Business Continuity Planning - Fines and penalties/Lawsuits - Business Continuity and ITSB coordination	▲	▲	▲	➡	■	➡	Proposed increase to Elevated-level due to greater understanding of today's environment with increased data breaches and environmental changes. Also is one of top risks due to the increasing potential for an unpredictable high-velocity event such as a cyber-threat or unpredictable major disruption to business operations. Among Top 10 risks
Operational	Business Planning - Collaboration - Staff Capacity - Coordinated Planning and Budgeting	▲	●	●	⬇	●	⬇	No Change. Overall rank remains at Minimal, with trending downwards due to continued communication with Division Chiefs and Executive Staff to ensure the identification and prioritization of sufficient resources to complete the Business Plan Initiatives.
Operational	Data Integrity and Management - Data Governance Leadership & Controls - Data Integration and Support Capabilities - Financial Data Governance & Integrity - Benefit Data Integrity - Strategic Implementation Measurement Data Availability	▲	▲	▲	➡	▲	➡	No Change. Overall rank remains at Moderate, with trending remaining constant. Due in part to designating two Executive Sponsors to provide oversight to a Data Governance Work Group, who will work with the Data Governance Committee to ensure issues are properly identified.
Operational	Information Security - Large Scale Data Breach - Targeted Information Disclosure - Compromised System Operation and Integrity - Malicious Activity Difficult to Discover - Severe Denial of Service Attack - myCalPERS Access	▲	▲	▲	➡	■	➡	Proposed increase to Elevated-level due to nature of this risk; management anticipates that despite ongoing mitigations evolving to counter the threat, cybersecurity threats will continue to need ongoing top attention. Among Top 10 risks

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Operational	Organization - Change Management/Readiness - Roles & Responsibilities - Innovation and Knowledge Sharing	▲	▲	▲	➡	▲	▼	Trend is projected Downward, due in part to CalPERS having a clearly defined vision and strategy and changes being continually communicated with all stakeholders.
Operational	Physical Security Controls - Damage or theft - Facility security - Mail security - Health and Safety Risk	▲	▲	▲	➡	▲	➡	No Change. Overall ranking remains at Moderate, with trending remaining constant. This has been identified as one of the top ten risks due in high profile institutions, such as CalPERS, are inherently subject to greater risks such as vandalism, natural and man-made disasters, and accidental damage. Among Top 10 risks
Operational	Procurement Contract Management - Contracting process - Non-Partnership contract management - Transparency - Procurement and receiving - Third-party and partnership contract management	▲	▲	●	➡	●	➡	No Change. Overall ranking remains at Minimal due to increase in automation, increase in the level of review, and the progress in formerly planned mitigations.
Operational	Technology/Systems Management - Availability of Mission Critical Systems - Aging Infrastructure - myCalPERS Business Optimization - Cloud Computing - IT Governance - IT Staff Recruitment & Retention	▲	▲	▲	➡	▲	➡	No Change. Overall rank remains at Moderate, with trending remaining constant due in part to effective mitigation strategies for the availability of mission critical systems risk.

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Financial	Actuarial Policies/Practices - Economic Assumptions - Demographic Assumptions - Actuarial Methods - Risk Pool Structure							No Change. Overall ranking remains at Minimal, with trending remaining constant. This is due to the Board's policy of regular assumption reviews based on experience studies, and ongoing reviews of actuarial policies.
Financial	Financial Controls and Systems - Treasury Management - Financial Data Governance & Integrity - my CalPERS Financial Transactions - Staff Capability & Skillsets - Accounting Controls & Information - Administrative Expenses							No Change. Overall ranking remains at Moderate, due to increased strength in the management structure, increased rigor in analysis and reconciliation of the financial system with underlying records, and successful implementation of new pension accounting standards. Among Top 10 risks
Financial	Financial Planning - Budget and Planning Risk - Budget Process - Budget System & Data Integrity - Budget Forecasting & Projection							No Change. Overall rank remains Minimal, with trending remaining constant. Due to the development of one Enterprise budget to support enhanced resource management, Board oversight and operational efficiency, transparency, and accountability.
Financial	Financial Reporting - Financial Reporting Evaluation - Accounting Standards Compliance/ Implementation - Staff Capability & Skillsets - Accounting standards							No Change. Overall ranking remains at Moderate, with trending downwards. Due in part to improved data accuracy and integrity as a key result of GASB 67 and 68 requiring FINO, ACTO and external auditors to perform an in depth analysis of certain data.

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