

June 13, 2016

Item Name: 2016-17 Enterprise Compliance Plan

Program: Enterprise Compliance Division

Item Type: Action

Recommendation

Approve the proposed 2016-17 Enterprise Compliance Plan

Executive Summary

This item provides an overview of the 2016-17 Enterprise Compliance Plan, which is being presented for Committee approval.

Strategic Plan

This item supports CalPERS Strategic Plan Goal B: *Cultivate a high-performing, risk-intelligent, and innovative organization* and the 2015-17 Business Plan initiative:

Enhance Internal Controls – Develop and implement enhanced internal controls that improve compliance and reduce operational risks. By providing effective compliance monitoring and oversight, Enterprise Compliance assists in mitigating compliance risks throughout the organization.

Background

In June 2015, the Risk and Audit Committee approved the FY 2015-17 Enterprise Compliance Plan, along with a five-year outlook on the priorities for the compliance program in order to strengthen CalPERS Compliance effectiveness. Staff developed the 2016-17 Enterprise Compliance Plan which takes into account current industry practices and management priorities in order to carry out a successful organization-wide compliance program. The plan expands protocols and processes for operational controls, policy management, and reporting standards. In addition, the plan continues to develop compliance principles, standards, and a strong ethical culture.

Analysis

The Enterprise Compliance Division exists to ensure that CalPERS maintains compliance with the letter and spirit of all applicable laws and regulations, in partnership with program areas.

During FY 15-16, Enterprise Compliance successfully expanded protocols and processes for:

- Operational Controls
- Policy Management
- Enterprise Compliance Reporting Standards

The 2016-17 Enterprise Compliance Plan supports the Enterprise Compliance Division's mission and is designed to continue CalPERS' momentum in expanding compliance principles, standards and culture enterprise-wide. In the upcoming year, focus areas for the Enterprise Compliance Division include:

- Continuing to mature compliance protocols and processes in all program areas
- Rolling out compliance standards and frameworks to additional program areas
- Developing, assessing, and enhancing compliance oversight and monitoring
- Strengthening Enterprise Compliance reporting standards
- Evaluating and improving CalPERS ethics-related policies
- Strengthening integration of assurance activities together with ERMD and OFAS

Budget and Fiscal Impacts

Funding for the program will be provided by the Enterprise Compliance Division budget.

Benefits and Risks

The purpose of the Enterprise Compliance Plan is to ensure that CalPERS strives to maintain compliance with the letter and spirit of all applicable laws, regulations and policies in partnership with program areas.

Approval of the plan will help to:

- Establish priorities and monitor identified risks
- Create clarity in compliance roles, responsibilities, and expectations
- Enhance internal controls and compliance effectiveness

Failure to approve the plan may result in:

- Non-compliance with laws and regulations, creating vulnerability within the system
- Weakened policies and procedures

Attachments

Attachment 1 – 2016-17 Enterprise Compliance Plan

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Enterprise Compliance Division

CHERYL EASON

Chief Financial Officer

