

Compliance Enterprise Risk Profile				
Enterprise Risk	Owner	Oversight	Category	Prioritization
Compliance	Chief Financial Officer	Risk & Audit Committee	Strategic	TBD
Strategic Plan Goal and Objective	Under development			
Functional Objective	To comply with all applicable laws, regulations, and policies by promoting a culture of compliance and ethics through strengthening awareness and accountability.			
Risk Statement	Failure to comply with laws, regulations, and policies.			
Risk Driver #1: Lack of staff awareness and knowledge of all applicable laws, regulations, and policies				
Effective Mitigations and Controls In Place:				
1.1 Education and communication on laws, regulations and policies				
1.2 Compliance monitoring, reporting, escalation and triage of issues				
1.3 Regular meetings with Compliance, Risk Management, Investment Office, Customer Services and Support, and Operations Support Services Division embedded risk and compliance liaisons				
1.4 Operational management of laws, rules and regulations through policies and procedures				
Risk Driver #2: Unethical behavior by staff, executive, or board member				
Effective Mitigations and Controls In Place:				
2.1 Established core values that promote an ethical culture				
2.2 Established ethics policies/ laws: Regulations Enacting Personal Trading Guidelines for CalPERS Employees Personal Trading, Statement of Economic Interests - Form 700, Conflict of Interest Code, California Public Employees' Retirement System Statement of Investment Policy for Insider Trading, and CalPERS Statement of Incompatible Activities Policy				
2.3 Mandated training: Working Values: Ethical Decision-Making, and CalPERS Ethics Training for Form 700/FPPC Filers				
2.4 State Whistleblower Hotline and CalPERS Ethics Helpline process to investigate issues				
2.5 Monitoring and reporting of Citizen's complaints from Citizen Complaint Line				
Risk Driver #3: Lack of a centralized documentation of enterprise policies, processes, and controls				
Effective Mitigations and Controls In Place:				
3.1 Enhanced roles and responsibilities for Integrated Assurance				
3.2 Biennial completion of the State Leadership Accountability Act compliance report and semiannual Corrective Action Plan report				
3.3 Third-party assurance over financial reporting				
3.4 Established automated systems coded with rules for internal audits, compliance and risk management areas				
3.5 Established Policy Management framework, which provides governance structure and includes standardized templates for enterprise policies				
3.6 Annual review of Board delegations				
3.7 Established delegated authority framework at Executive and Senior level				

Residual Risk	Probability	Impact	Velocity	Rating	Trend
For future development (November 2016)					
Future Mitigations					
<p>Risk Driver #1: Lack of staff awareness and knowledge of all applicable laws, regulations, and policies</p> <ul style="list-style-type: none"> • Develop inventory of existing laws/rules, and embedded compliance ownership (Date TBD) • Develop a centralized searchable database of compliance documents necessary to comply with relevant U.S. federal, State and local regulations (Date TBD) • Continue to implement embedded risk and compliance liaisons within Financial Office and Benefit Programs Policy and Planning Division (Date TBD) • Establish Operating Event Framework (Date TBD) • Enhance enterprise compliance capabilities and internal controls (2016-17 Business Plan, Goal B, June 2017) 					
<p>Risk Driver #2: Unethical behavior by staff, executive, or board member</p> <p>No planned mitigation actions.</p>					
<p>Risk Driver #3: Lack of a centralized documentation of enterprise policies, processes, and controls</p> <ul style="list-style-type: none"> • Validation of CalPERS policies to meet the standards established in the delegation and policy management framework (Date TBD) 					