

June 20, 2017

Item Name: 2017-18 Enterprise Compliance Plan**Program:** Enterprise Compliance Division**Item Type:** Action**Recommendation**

Approve the proposed 2017-18 Enterprise Compliance Plan

Executive Summary

This item provides an overview of the 2017-18 Enterprise Compliance Plan, which is being presented for Committee approval.

Strategic Plan

This item supports the CalPERS 2017-22 Strategic Plan Goal: *Cultivate a risk-intelligent organization* and the strategic objective of providing enhanced compliance and risk functions throughout the enterprise.

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. CalPERS Team Members developed the 2017-18 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 matures protocols and processes in all areas, and rolls out program area standards and frameworks. 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 2016-17, Enterprise Compliance successfully expanded protocols and processes for:

- Operational Controls
- Policy Management
- Enterprise Compliance Reporting Standards

Additionally, Enterprise Compliance continued to develop compliance principles, standards and culture across the enterprise.

The 2017-18 Enterprise Compliance Plan supports the Enterprise Compliance Division's mission and is designed to continue CalPERS' momentum in expanding compliance standards and frameworks enterprise-wide. In the upcoming year, focus areas for the Enterprise Compliance Division include:

- Maturing protocols and processes in the areas of oversight and monitoring
- Roll out standards and frameworks to additional program areas
- Continue to mature compliance principles, standards, and culture
- Develop knowledgeable compliance liaisons in additional program areas
- Improve compliance capabilities that result in strong internal control processes
- Expand and enhance reporting to include program operations

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 – 2017-18 Enterprise Compliance Plan

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Interim Chief Financial Officer

