

June 20, 2018

Item Name: Quarterly Status Report – Enterprise Risk Management

Program: Enterprise Risk Management

Item Type: Information Consent

Executive Summary

The purpose of this item is to provide the Risk and Audit Committee (Committee) with an update on third quarter activities of the Enterprise Risk Management Plan for the period January 1, 2018 through March 31, 2018.

Strategic Plan

This agenda item supports CalPERS Strategic Plan Goal: Cultivate a Risk-Intelligent Organization. Enterprise Risk Management provides assurance to the Board through the implementation of an effective enterprise-wide risk management program and the continued cultivation of a risk-intelligent organization.

Background

ERMD developed the 2017-18 Enterprise Risk Management Plan (Plan) to communicate priorities in support of CalPERS' Strategic and Business Plans, vision, and mission. In June 2017, ERMD received Risk and Audit Committee approval for the Plan, which aligns program initiatives to the strategic goals of Fund Sustainability and Risk Management.

Progress on Plan activities for the third quarter are reported on the attached dashboard (Attachment 1).

Analysis

ERMD significant activities and accomplishments for the third quarter of fiscal year 2017-18 include:

Fund Sustainability

ERMD continued to advance ALM within the enterprise by:

- facilitating Asset Liability Management Advisory Committee (ALMAC) meetings that include Financial, Investment, Actuarial, Legal, and Public Affairs Senior Leadership that culminated in Board adoption on strategic asset allocation mix, actuarial assumptions, and discount rate.

Risk Management

ERMD matured enterprise internal control systems by:

- refining the integrated assurance maps to identify and assess controls within the three lines of defense.

ERMD continued to collaborate with the enterprise in the identification, assessment, and monitoring of risk within the Board's appetite by

- developing Strategic Risk Measures to provide the Board with assurance that the risk to meeting CalPERS' Strategic Goals are being properly monitored and managed.

ERMD continued to collaborate with the entire organization on maturing the Enterprise Risk Management Framework by:

- establishing a baseline for the CalPERS employee survey to assess team member awareness of compliance and risk functions.
- completing the development and initiation of the enterprise risk training plan and communication plan to inform CalPERS' team members on the importance of risk management and personal accountability towards reporting risk.

Budget and Fiscal Impacts

Not Applicable

Attachments

Attachment 1 – 2017-18 Enterprise Risk Management Plan Dashboard

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Chief Risk Officer

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Chief Executive Officer