

June 20, 2018

**Item Name:** 2018-19 Enterprise Compliance Plan

**Program:** Enterprise Compliance

**Item Type:** Action

**Recommendation**

Approve the proposed 2018-19 Enterprise Compliance Plan

**Executive Summary**

This item provides an overview of the 2018-19 Enterprise Compliance Plan that is being presented for Committee approval.

**Strategic Plan**

This item supports CalPERS' FY 2017-22 Strategic Plan: *Enhance compliance and risk functions throughout the enterprise*, and its 2018-19 initiative: *Increase compliance program maturity*. By enhancing the Compliance Program maturity and performance by annually identifying and completing initiatives across a broad set of functional objectives and activities that strengthen CalPERS' compliance and ethics culture.

**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 to strengthen CalPERS' compliance effectiveness.

CalPERS team members developed the 2018-19 Enterprise Compliance Plan that considers current industry practices and management priorities 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**

Enterprise Compliance 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 2017-18, Enterprise Compliance successfully expanded protocols and processes for:

- Operational Controls
- Policy Management
- Enterprise Compliance Reporting Standards
- Established a baseline for assessing the compliance program's maturity

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

The 2018-19 Enterprise Compliance Plan supports Enterprise Compliance's mission and is designed to continue CalPERS' momentum in expanding compliance standards and frameworks enterprise-wide. In the upcoming year, focus areas for Enterprise Compliance include:

- Manage Third Party Risks
- Maintaining Reporting Channels
- Establishing incentives and disciplinary measures
- Assessing Compliance Risks
- Build Mitigation Plans for Key Compliance Risks
- Code of Conduct
- Measure Organizational Culture
- Promoting a culture of integrity
- Measure and report program effectiveness

### **Budget and Fiscal Impacts**

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

Benefits of implementing the plan include the following:

- Coordinated compliance effort enhances the controls and monitoring for adherence to policies and procedures
- Creates clarity in compliance roles, responsibilities, and expectations
- Enhances internal controls and compliance effectiveness

Risks associated with failure to implement the plan include the following:

- Allowing failures of policies, procedures, and laws to remain undetected

### **Attachments**

Attachment 1 – 2018-19 Enterprise Compliance Annual Plan

---

**Kami Niebank**

Deputy Chief Compliance Officer

---

**Marcie Frost**

Chief Executive Officer

