



## Finance and Administration Committee

# Agenda Item 5e

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**February 21, 2019**

**Item Name:** Review of the Finance and Administration Committee Delegation

**Program:** Financial Office

**Item Type:** Action Consent

### **Recommendation**

Approve the proposed amendments to the Finance & Administration Committee Delegation Resolution (FAC Delegation) as part of the annual Board Committee Delegation review process to align with current strategic plan and strategic performance metric reporting practices.

### **Executive Summary**

Each Board Committee annually reviews and revises their Delegation Resolution as necessary. This year, the leadership team proposes revisions to the FAC Delegation to align with current strategic plan and strategic performance metric reporting practices. Since 2017, strategic and performance reporting has been presented at the Board of Administration meeting. The proposed FAC Delegation revisions recommend removing Delegation Resolution items 1 & 2. As state law vests the management and control of CalPERS with the Board, removing this authority from the Committee automatically returns it to the Board.

### **Strategic Plan**

This item supports the Reduce Complexity and Risk Management Strategic Goals from the CalPERS 2017-2022 Strategic Plan (Strategic Plan), which are to reduce complexity across the enterprise by streamlining operations and cultivate a risk-intelligent organization.

### **Background**

In accordance with the Board Governance Policy, each committee's delegation is reviewed annually and updated as needed. This presents each committee with the opportunity to review and update the authorities delegated to the committee by the full Board, enhancing the overall governance of the Board.

## **Analysis**

The FAC Delegation was reviewed to ensure conformance with CalPERS Delegation and Policy Standards, as well as for recommended enhancements. The team recommends revising the FAC Delegation as follows:

- FAC Delegation Resolution Items 1 & 2 (Resolved B1 and B2)
  - Remove (this authority returns to the Board)

## **Budget and Fiscal Impacts**

Not Applicable.

## **Benefits and Risks**

The benefits of accepting this item include:

- Appropriately defined guidance to the FAC and team members to manage the effectiveness and integrity of the Board's processes, including oversight, accountability, transparency, efficiency, and decision-making.
- Maintaining FAC authorities that support and align with the Strategic Plan and the Board Governance Policy.
- Clearly defining and distinguishing between the roles of the Board, FAC, and team members.
- Ensuring FAC has appropriate authority to maintain strategic oversight of Enterprise operations and needs.

The risks of not accepting this item include:

- Reduced effectiveness of the FAC and team members in operating in accordance with the Board's processes, including oversight, accountability, transparency, efficiency and decision-making.
- Reduced clarity between the roles of the Board, FAC, and team members.
- The FAC not having the required authority to take action on or oversee mission critical objectives.

## **Attachments**

Attachment 1 – FAC Delegation – Current (FA-17-01)

Attachment 2 – FAC Delegation – Current with proposed changes (FA-17-01)

Attachment 3 – FAC Delegation – Proposed new (FA-19-01)

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