



Risk and Audit Committee Agenda Item 6d

February 20, 2019

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 the second quarter activities included in the Enterprise Risk Management Plan (Plan) for the period October 1, 2018, through December 31, 2018.

Strategic Plan

This agenda item supports the 2017-22 CalPERS Strategic Plan Goal - Risk Management: Cultivate a risk-intelligent organization. Enterprise Risk Management Division (ERMD) provides assurance to the Board of Administration (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 2018-19 Plan to communicate priorities in support of CalPERS' Strategic and Business Plans, vision, and mission. In June 2018, ERMD received 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 second quarter are reported on the Plan Dashboard (Attachment 1).

Analysis

ERMD significant activities and accomplishments for the second quarter of fiscal year 2018-19 include:

Fund Sustainability

ERMD continued to advance Asset Liability Management within the enterprise by:

- finalizing and approving the Asset Liability Management Advisory Council (ALMAC) Charter

- mapping the ALM process and documenting internal controls for testing and validation
- continuing to review the Asset Liability Management Policy with ALMAC

Risk Management

ERMD continued to collaborate with the enterprise to advance the Enterprise Risk Management Framework by:

- completing and presenting the Annual Enterprise Risk Assessment
- finalizing the Strategic Risk Measures (SRM) and thresholds
- continuing to develop the Internal Control Framework and repository

ERMD continued to educate CalPERS' team members and stakeholders on the importance of a risk-intelligent organization by:

- educating team members on Operational Risk Events
- presenting to stakeholders on CalPERS' risk management efforts at the 2018 Education Forum

ERMD continued to create and enhance policies and processes to strengthen appropriately defined data-driven decisions by:

- refining the data management governance structure and updating the charters to reflect the new governance committees

Key areas ERMD will address throughout the remainder of the fiscal year include:

Fund Sustainability –

- working with ALMAC to review the Asset Liability Management Policy and present recommended changes to the Finance and Administration Committee

Risk Management –

- developing an Enterprise Data Management Policy

Budget and Fiscal Impacts

Not Applicable

Attachments

Attachment 1 – 2018-19 Enterprise Risk Management Plan Dashboard

Forrest Grimes
Chief Risk Officer

Michael Cohen
Chief Financial Officer