



## Finance and Administration Committee

# Agenda Item 4b

---

**April 16, 2019**

**Item Name:** Semi-Annual Contracting Prospective Report and Policy Update

**Program:** Operations Support Services Division

**Item Type:** Action Consent

### **Recommendation**

Approve the April 2019 Prospective Report of Solicitations, Contracts, Purchase Orders and Letters of Engagement (Attachment 1) and approve the proposed revisions to the Board of Administration Contract Activity Reporting Policy (Attachment 2).

### **Executive Summary**

To provide transparency and ensure Board awareness of significant contracts, the Finance and Administration Committee (FAC) approved the CalPERS Board of Administration Contract Activity Reporting Policy for all activity that will meet or exceed a \$1 million threshold. This Policy includes a semi-annual Prospective Report. Additionally, a minor revision is proposed to the Policy to allow more flexibility as to when it is reported to FAC.

### **Strategic Plan**

This item is presented in compliance with the CalPERS Board of Administration Contract Activity Reporting Policy adopted and approved by the Board on April 17, 2012 (Attachment 3).

### **Background**

#### *Board Contract Activity Reporting*

The approved CalPERS Board of Administration Contract Activity Reporting Policy includes a semi-annual report of prospective contract activity (Prospective Report) to be presented as an action consent item. Upon approval, the Chief Executive Officer and her delegates will have authority to execute the contracts and expenditures set forth in the Prospective Report. The current semi-annual report is presented in April and December to coincide with the approval of the annual budget and mid-year budget adjustments.

The Contract Activity Reporting Policy proposed update includes the following substantive revisions:

- The removal of only the specific months (April and December), while still requiring the Prospective Report to be presented to FAC at the time the annual budget is approved and at the time the mid-year budget adjustments are made. This update will allow for the flexibility to submit the Prospective Report in alignment with the budget process, without dictating a specific month.

## **Analysis**

The Prospective Report includes the following:

- Requests for Proposals (RFPs) scheduled for development and release when the estimated total value of the contract or budget for the contractor or contractors is \$1 million or greater in total value.
- Contracts exempt from the competitive bidding process and investment manager contracts which are \$1 million or greater in total value.
- Spring-Fed pool engagements or work from undefined dollar contracts or purchase orders which are \$1 million or greater in total value.
- Any amendments to the contracts set forth above which cause the contract to exceed a threshold of \$1 million or more when the contract has not otherwise been reported to the Committee.
- An expected amount of expenditures of \$1 million or greater under a current contract.
- Items previously reported by the Committee, when the amount is increased by \$1 million or more over the amount previously reported to the Committee.

## **Budget and Fiscal Impacts**

The potential budget and fiscal impacts of not approving the Report will delay the timely execution of contracts which could result in increased cost for health and investment services.

## **Benefits and Risks**

The benefits include:

- Provides transparency and ensures Board awareness of significant contracts.
- Enables the Board, where appropriate, to have an opportunity to participate in significant contract decisions before they are finalized.
- Allows for the flexibility to submit the Prospective Report in alignment with the budget process, in the event there was a change to the reporting month.

The risks of not implementing this process include:

- Potential delay in necessary services to support CalPERS.
- Incorrect timing of the Prospective Report, in the event there was a change to the budget process reporting.

**Attachments**

Attachment 1 – April 2019 Prospective Report

Attachment 2 – Proposed Revisions to the CalPERS Board of Administration Contract Activity Reporting Policy

Attachment 3 – CalPERS Board of Administration Contract Activity Reporting Policy

---

Kim Malm, Chief  
Operations Support Services Division

---

Doug Hoffner  
Deputy Executive Officer  
Operations & Technology Branch