



Risk and Audit Committee

Agenda Item 6d

June 18, 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 third quarter activities included in the Enterprise Risk Management Plan (Plan) for the period, January 1, 2019 through March 31, 2019.

Strategic Plan

This agenda item supports the 2017-22 CalPERS Strategic Plan Goal - Risk Management: Cultivate a risk-intelligent organization. The 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 third quarter are reported on the Plan Dashboard (Attachment 1).

Analysis

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

Risk Management

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

- developing the Internal Control Framework and a repository to document entity-level controls
- ERMD projected having two processes mapped at this point but since only one has been completed this item appears in the yellow on the dashboard. This is a multi-year effort and we believe this can be accelerated and returned to green status.

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

- training team members on Operational Risk Event Reporting
- publishing CalPERS Perspective and Inside CalPERS Articles to increase risk awareness

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

- drafting the Enterprise Data Management Policy with the Enterprise Data Council

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

Fund Sustainability –

- continuing to implement strategic asset allocation policy targets on schedule

Risk Management –

- continuing to train team members on Operational Risk Event Reporting
- initiating a cross-functional risk assessment tool for program-level risk
- finalizing the Enterprise Data Management Policy, and refining the Data Management Roadmap

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