



Risk and Audit Committee

Agenda Item 7a

June 18, 2019

Item Name: 2019-20 Enterprise Compliance Plan

Program: Enterprise Compliance

Item Type: Action

Recommendation

Approve the proposed 2019-20 Enterprise Compliance Plan

Executive Summary

This item provides an overview of the 2019-20 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 2019-20 initiative: *Increase compliance program maturity and Increase enterprise-wide compliance awareness*. Enhancing the compliance program maturity and awareness 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 2019-20 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 2018-19, Enterprise Compliance successfully expanded protocols and processes for the following.

- Maintaining reporting channels
- Assessing compliance risks
- Measuring organizational culture
- Promoting a culture of integrity
- Measuring and reporting program effectiveness

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

The 2019-20 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 the following.

- Build risk-specific mitigation plans
- Embed policies and procedures into operations
- Monitor compliance risk exposure
- Develop communication content for the education of team members

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 – 2019-20 Enterprise Compliance Annual Plan

Marlene Timberlake D'Adamo
Chief Compliance Officer