



Risk and Audit Committee

Agenda Item 5e

September 17, 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 fourth quarter activities included in the Enterprise Risk Management Plan (Plan) for the period, April 1, 2019 through June 30, 2019. Additionally, Enterprise Risk Management (ERMD) has included a year-end summary of all the Enterprise Risk Management Plan's accomplishments for fiscal year 2018-19.

Strategic Plan

This agenda item supports the 2017-22 CalPERS Strategic Plan Goal - Risk Management: Cultivate a risk-intelligent organization. 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 fourth quarter is reported on the Plan Dashboard (Attachment 1). Additionally, a summarized review of all the ERMD accomplishments for fiscal year 2018-19 can be found in the ERMD Accomplishments Report (Attachment 2).

Analysis

Significant activities and accomplishments for the fourth quarter of fiscal year 2018-19 include:

Fund Sustainability

Asset Liability Management within the enterprise was advanced by:

- implementing the strategic asset allocation policy targets on schedule

Risk Management

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

- creating a standardized risk assessment tool for analyzing program-level risk
- developing a risk-informed decision tool to assist the enterprise in evaluating and documenting significant decisions

ERMD projected having two core processes documented at the end of fiscal year 2018-19, but the initiative was temporary put on hold to accommodate higher priority near-term efforts.

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

- training all team members on Operational Risk Event Reporting
- publishing CalPERS PERSpective and Inside CalPERS Articles, and presenting at the state interagency group, Governance, Risk Management and Compliance Council, to increase risk awareness

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

- finalizing the Enterprise Data Management Policy Manual, and refining the Data Management Roadmap for the 2019-20 fiscal year

Budget and Fiscal Impacts

Not Applicable

Attachments

Attachment 1 – 2018-19 Enterprise Risk Management Plan Dashboard

Attachment 2 – 2018-19 Enterprise Risk Management Accomplishments Report

Forrest Grimes
Chief Risk Officer

Michael Cohen
Chief Financial Officer