



Finance and Administration Committee

Agenda Item 7a

February 18, 2020

Item Name: Review of Finance and Administration Committee Delegation

Program: Financial Office

Item Type: Action

Recommendation

Approve the proposed amendments to the Finance & Administration Committee Delegation Resolution (FAC Delegation) as part of the annual Board Committee Delegation review process.

Executive Summary

Each Board Committee annually reviews and revises their Delegation Resolution as necessary. This year, the CalPERS team proposes revisions to the FAC Delegation to align with Workstream 3 Board direction, the Chief Executive Officer Delegation Resolution and minor administrative and grammatical edits.

Strategic Plan

This item supports the Reduce Complexity and Risk Management Strategic Goal from the CalPERS 2017-2022 Strategic Plan (Strategic Plan), which aims to reduce complexity across the enterprise by streamlining operations and cultivate a risk-intelligent organization.

Background

In accordance with the Board Governance Policy, each committee's delegation is reviewed annually and updated as needed. This presents each committee with the opportunity to review and update the authorities delegated to the committee by the full Board, enhancing the overall governance of the Board. In addition, the Board approved Workstream 3, which directed the CalPERS team to revise Board policies and document in plain English.

Analysis

The CalPERS team reviewed the FAC Delegation and recommend administrative and grammatical edits, and the removal of operational oversight functions to align with the Chief Executive Officer Delegation Resolution. In addition, the Delegation has been revised and written in language that is clear and concise to support direction received in Workstream 3.

Proposed revisions are displayed in underline and strikethrough format in Attachment 2 and a version with the changes accepted is provided in Attachment 3. Any additional revisions to the Delegations that the Committee wishes to make will be incorporated and brought back for the Board consideration and approval in April.

Budget and Fiscal Impacts

Not Applicable.

Benefits and Risks

The benefits of accepting this item include:

- Appropriately defined guidance to the FAC and team members to manage the effectiveness and integrity of the Board's processes, including oversight, accountability, transparency, efficiency, and decision-making.
- Maintaining FAC authorities that support and align with the Strategic Plan and the Board Governance Policy.
- Clearly defining and distinguishing between the roles of the Board, FAC, and team members.
- Ensuring FAC has appropriate authority to maintain strategic oversight of Enterprise operations and needs.

The risks of not accepting this item include:

- Reduced effectiveness of the FAC and team members in operating in accordance with the Board's processes, including oversight, accountability, transparency, efficiency and decision-making.
- Reduced clarity between the roles of the Board, FAC, and team members.
- The FAC not having the required authority to take action on or oversee mission critical objectives.

Attachments

Attachment 1 – FAC Delegation – Current (FA-19-01)

Attachment 2 – FAC Delegation – Current with proposed changes (FA-20-01)

Attachment 3 – FAC Delegation – Proposed new (FA-20-01)

Michael Cohen
Chief Financial Officer