



Risk and Audit Committee Agenda Item 5b

February 17, 2021

Item Name: Review of the Risk and Audit Committee Delegation

Program: Risk and Audit Committee

Item Type: Action Consent

Recommendation

Approve the proposed amendments to the Risk and Audit Committee Delegation Resolution (RAC Delegation) as part of the annual Board Committee Delegation review process.

Executive Summary

The Risk & Audit Committee Delegation is reviewed annually to ensure alignment with the CalPERS Strategic Plan. Attachment 2 is the proposed Risk and Audit Committee Delegation Resolution. The CalPERS team recommends amending Item 10, to clarify the item's scope and align with current CalPERS auditing practices.

Strategic Plan

This agenda item supports the Reduce Complexity and Risk Management Strategic Goals from the CalPERS 2017-2022 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. The last revision to the Risk & Audit Committee Delegation Resolution was approved by the Board of Administration on November 18, 2020.

Analysis

The CalPERS team has reviewed the Delegation Resolution for the Risk and Audit Committee and recommends two changes to item 10.

- Removing the term "real estate audits," because real estate audits are already included under internal audits.

- Replacing “public agency reviews” with “employer compliance reviews” to ensure the delegation language clearly includes public agencies, schools, and state agencies within the scope of these reviews.

These changes align with current CalPERS auditing practices.

Any revisions to the Delegation Resolution that the Committee wishes to make will be incorporated and brought back for Board consideration and approval at a subsequent meeting.

Benefits and Risks

The benefit of reviewing and updating the delegation of authority for the Risk and Audit Committee is to continually align the Committee’s authority with the needs of our members while keeping CalPERS’ commitment to its strategic goals and objectives.

Attachments

Attachment 1 – Current Risk and Audit Committee Delegation Resolution

Attachment 2 – Track Changes Version of the Risk and Audit Committee Delegation Resolution

Attachment 3 – New Proposed Risk and Audit Committee Delegation Resolution

Marlene Timberlake D’Adamo
Chief Compliance Officer