

2023-24 Enterprise Compliance and Risk Management Plan Mid-Year Update

Objective: Assess CalPERS compliance and risk management functions and prioritize initiatives that will modernize the systems, tools, and surveillance capabilities.

STATUS	INITIATIVES	Q2 UPDATES
<p>Initiative 1</p>		
<p>Build out enterprise compliance and risk management technology and tools in support of a best-in-class compliance and risk management program (multi-year).</p>		
50% On-Target	<p>1.1 Establish a centralized governance risk and compliance platform (MyComplianceOffice).</p>	<ul style="list-style-type: none"> Continued a multi-year effort to implement a technology platform with the launch of the inside information and gift reporting modules, with a targeted completion of spring 2024. Enhanced automated broker data feeds and established direct feeds with the Human Resources Division for secure daily uploads to strengthen system controls.
50% On-Target	<p>1.2 Enhance risk reporting metrics tools to support the enhancement of enterprise compliance and risk programs.</p>	<ul style="list-style-type: none"> Identified additional key risk indicators and key performance measures; designed a new compliance monitoring analytics tool for senior leadership and the Risk and Audit Committee to broaden compliance risk monitoring.
<p>Initiative 2</p>		
<p>Enable CalPERS to better assess risk within the program areas and provide aggregated reporting at the enterprise level (multi-year).</p>		
50% On-Target	<p>2.1 Develop a first-line risk and control self-assessment process in collaboration with the first line of defense within each division.</p>	<ul style="list-style-type: none"> Developed foundational Risk and Control Self-Assessment (RCSA) materials including process, controls, participant spreadsheet, and educational guidance. Launched a multi-year RCSA process in partnership with the Information Technology Services Branch for core business functions and regulatory requirements, target completion late 2025.

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100% On-Target	2.2 Conduct the Annual Enterprise Risk Assessment, including a review of risk appetite, dashboard, profiles, and heat map.	<ul style="list-style-type: none"> Completed workshops with subject matter experts for the organization’s nine enterprise risks. Developed risk documents and presented all materials at the November 2023 Risk and Audit Committee meeting.
	<p>Initiative 3 Enhance assurance, monitoring, and issues remediation capabilities to minimize compliance risks (multi-year).</p>	
75% On-Target	3.1 Enhance monitoring of conflicts of interest.	<ul style="list-style-type: none"> Implemented technology tools and processes to enhance oversight and monitoring of team member activities, minimizing compliance risks. Enhanced new hire onboarding guidance, documenting pre- and post-processes for conflict-of-interest identification and mitigation by the Compliance Advisory Services team and program management. Led an enterprise-wide Form 700 team leader review process, resulting in 719 completed reviews of team member Form 700s, and provided guidance and education on identifying potential conflicts of interest resulting in improvements over prior year results, formal close-out targeted for spring 2024.
25% On-Target	3.2 Support risk management initiatives across the enterprise in partnership with all first-line units.	<ul style="list-style-type: none"> Finalized top risks to CalPERS in partnership with first-line team members and incorporated in the annual State Leadership Accountability Act report for the California Department of Finance. Collaborated with first-line Investment Office functions in an ongoing effort to document current controls relating to federal and state laws and CalPERS investment policies.

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	<p>Initiative 4 Educate and cultivate ethical and Risk-Intelligent Culture and CalPERS team members (multi-year).</p>	
50% On-Target	4.1 Enhance compliance and risk training programs across the organization.	<ul style="list-style-type: none"> Developed and launched comprehensive gift training for 340 team leaders in the General Counsel’s Office, Operations and Technology, and Customer Service and Support branches, with targeted completion of all other branches by spring 2024.
25% On-Target	4.2 Establish formal compliance and risk advisory teams aligned with program areas.	<ul style="list-style-type: none"> Obtained approval to reorganize the Compliance and Risk programs (formerly the Enterprise Compliance Office and Enterprise Risk Management Division) and reclassify positions to recruit compliance and risk expertise. Advertised reclassified positions on external investment, asset management, and compliance/risk job boards and networks.