



Risk and Audit Committee

Agenda Item 4c

February 17, 2026

Item Name: Review of the Risk & Audit Committee Delegation

Program: Risk and Audit Committee

Item Type: Action Consent

Recommendation

CalPERS team recommends the Risk & Audit Committee review and approve a revised and updated Risk & Audit Committee Delegation Resolution.

Executive Summary

The Board of Administration Governance Policy requires the Risk & Audit Committee to review the Board's Delegation Resolution biennially. Enterprise Compliance, Risk & Governance reviewed the current delegation. There are aspects that warrant updating for 2026. The current version (Attachment 1) was initially approved in April 2021 and was subsequently reviewed and reapproved in 2022 and 2024. The draft version (Attachment 2) includes all proposed changes. The final draft (Attachment 3) includes all proposed changes, fully incorporated.

Strategic Plan

This item supports the Organizational Excellence Goal from the CalPERS' 2022-2027 Strategic Plan.

Background

As required by the Board Governance Policy, each committee's delegation is reviewed biennially and updated as needed. This presents the committees with the opportunity to review and update the authorities delegated to them by the full Board, enhancing the overall governance of the Board.

Analysis

CalPERS team members have identified aspects of the current delegation that warrant updating. To bring the delegation further in line with several guiding principles found in the Global Internal Audit Standards published by the Institute of Internal Auditors (IIA Standards), the team recommends the following updates to the current committee delegation:

- Addition of Authorization 4 – **Approve internal audit charter**. This has been identified as an “essential condition” of Boards as outlined in Principle 6, Standard 6.2 of the IIA Standards that states that the Board should:
 - Approve the internal audit charter, which includes the internal audit mandate and the scope and types of internal audit services.
- Revisions to Authorization 11 – **Oversee key internal auditor activities to include: internal audits, employer compliance reviews, audit findings resolution, and the internal audit function’s quality assurance and improvement program**. Some former language has been removed from this item, and additional recommended language has been added to better align this authorization with additional “essential conditions” outlined in Principle 8, Standard 8.3, of the IIA Standards, which states that the Board should:
 - Discuss with the chief audit executive the quality assurance and improvement program
 - Approve the internal audit function’s performance objectives at least annually.
 - Assess the effectiveness and efficiency of the internal audit function.
- Addition of Authorization 12 – Participate in the **hiring, performance evaluation, and termination of the chief auditor**. This has been added as an “essential condition” of boards as outlined in Principle 7, Standard 7.1 of the IIA Standards which states the board should:
 - Authorize the appointment and removal of the chief audit executive.
 - Provide input to senior management to support the performance evaluation and remuneration of the chief audit executive.

This addition satisfies the essential conditions as indicated by the Standards, while also adhering to the State of California and CalPERS’ hiring processes.

Budget and Fiscal Impacts

Not Applicable.

Benefits and Risks

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

Attachments

Attachment 1 – Current Risk & Audit Committee Delegation Resolution

Attachment 2 – Proposed Risk & Audit Committee Delegation Resolution (Redline)

Attachment 3 – Proposed Risk & Audit Committee Delegation Resolution (Clean)

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