



## Risk and Audit Committee

# Agenda Item 7b

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**February 14, 2022**

**Item Name:** 2021-22 Enterprise Risk Management Mid-Year Plan Update

**Program:** Enterprise Risk Management Division

**Item Type:** Information

### **Executive Summary**

This is a mid-year update of the activities undertaken pursuant to the Enterprise Risk Management Plan for the period July 1, 2021 through December 31, 2021.

### **Strategic Plan**

This agenda item supports the 2017-22 CalPERS Strategic Plan Goal - Risk Management: Cultivate a risk-intelligent organization. The Enterprise Risk Management Division (ERMD) provides assurance to the CalPERS Board of Administration through the implementation of an effective enterprise-wide risk management program.

### **Background**

On April 19, 2021, the Risk and Audit Committee approved the 2021-22 Enterprise Risk Management Plan, which aligns program initiatives to the strategic goals of Fund Sustainability and Risk Management (Attachment 1). The 2021-22 plan further communicates priorities in support of CalPERS' Strategic and Business Plan, vision, and mission.

### **Analysis**

The 2021-22 Enterprise Risk Management Plan Mid-Year Update provides a dashboard view of the status of this year's risk management initiatives as of December 31, 2021 (Attachment 2). Each initiative displays a completion status as a percentage of the total project accomplished and an associated color to indicate whether the initiative is on track to be completed this fiscal year. Additional status details and completion dates are provided under the Q2 Updates column where applicable.

Key accomplishments for the first half of fiscal year 2021-22 include:

- Coordinated presentation schedules of key ALM components.
- Completed the 2021 Annual Enterprise Risk Assessment and updated the Developing Risks Report.
- Continued to partner with Enterprise Strategy & Performance Division (ESPD) in the development of the 2022–27 Strategic Plan.
- Drafted the Information Assets Data Retention policy and circulated to internal stakeholders and labor unions for review.
- Completed implementation of the Employer Data Request Program.
- Submitted the State Leadership Accountability Act report to the Department of Finance on December 16, 2021.
- Further researched and analyzed potential insurance coverage options for CalPERS to transfer operational risks.

### **Budget and Fiscal Impacts**

Not Applicable

### **Benefits and Risks**

The purpose of the Enterprise Risk Management Plan is to help cultivate a risk-intelligent organization.

Benefits of implementing the plan include the following:

- Provides relevant information and tools to the organization to support risk-informed decision-making
- Enhances internal controls effectiveness

Risks associated with failure to implement the plan include the following:

- Lack of risk awareness impacting organizational decision-making
- Potential loss of stakeholder confidence in CalPERS ability to manage known risks

### **Attachments**

Attachment 1 – 2021-22 Enterprise Risk Management Plan

Attachment 2 – ERMD 2021-22 Mid-Year Plan Update

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