



# **Audits & Risk Management Committee**

## **Item Number 4 – Open Session**

**Subject:** January 1, 2023, through October 31, 2023, Enterprise Compliance Services Plan Final Progress Report

**Presenter(s):** Chairperson

**Item Type:** Consent Information

**Date & Time:** November 2, 2023 – 0 minutes

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**Attachment(s):** January 1, 2023, through October 31, 2023, Enterprise Compliance Services Plan Results

**PowerPoint(s):** None

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### **Item Purpose**

The purpose of this item is to provide the Audits and Risk Management (ARM) Committee with Enterprise Compliance Services' January 1, 2023, through October 31, 2023, Compliance Plan results.

### **Recommendation**

This is an information item only.

### **Executive Summary**

The Compliance Plan sets the direction and priorities of Enterprise Compliance Services (ECS). In accordance with the ARM Committee Charter, the Compliance Director provides periodic reports to inform the ARM Committee of the status and results of the Compliance Plan.

The Compliance Plan was designed using a framework to prevent, detect, and respond to instances of ethical misconduct or noncompliance with laws, regulations, and CalSTRS policies. ECS completed most of the compliance plan activities with multi-division cooperation, as outlined in Attachment 1. The Compliance Plan activities that were not completed will be reevaluated as we continue to mature the ECS program.

There was a vacancy in the ECS Manager position during a portion of this reporting period. Despite this, staff was able to make significant progress on the Compliance Plan and two staff

earned the Certified Compliance and Ethics Professional (CCEP) designation. This certification is a significant achievement because the CCEP is based on the same COSO Enterprise Risk Management and Society of Corporate Compliance and Ethics (SCCE) framework we will be using to mature the ECS program. Having a well-trained compliance team will help to strengthen our overall program.

ECS communicates, collaborates, and coordinates across the organization's divisions on key risk topics and identifies opportunities to improve awareness of compliance and ethics. In addition, ECS continues to mature and refine program strategies to help CalSTRS maintain an ethical and compliance-focused environment.

### **Background**

Due to the transition of ECS to the Financial Services Branch in 2022, only a six-month workplan for the period of January 1, 2023 through June 30, 2023 was presented in November 2022. This was done to align with the Enterprise Risk Management (ERM) program, which reports on a fiscal year basis and would allow the newly created position of Director of Enterprise Risk Management & Compliance Services (once hired) to oversee both programs on the same reporting cycle.

In March 2023, the newly hired Director of Enterprise Risk Management & Compliance Services requested to extend this Compliance Plan to provide more time to develop the ERM and ECS maturity plans. A maturity plan has since been developed and this workplan is being closed out.

As ECS is currently working to mature the compliance program, we anticipate that our reporting to the ARM Committee will primarily be focused on the maturity plan in lieu of these more operational reports. However, we will continue to keep you apprised of any changes related to our operationalized activities such as policy administration, or Code of Conduct review, when we provide our regular updates on the maturity plan to the ARM Committee.

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Strategic Plan Linkage: Goal 1 – Trusted Stewards: Enhance how risks are defined, viewed, and managed

Board Policy Linkage: [ARM Committee Charter](#)

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