



Audits & Risk Management Committee

Item Number 6 – Open Session

Subject: 2023 Enterprise Compliance Services Compliance Plan

Presenter(s): Julie Underwood

Item Type: Information

Date & Time: November 2, 2022 – 15 minutes

Attachment(s): Attachment 1 - 2023 Enterprise Compliance Services Compliance Plan

PowerPoint(s): None

Item Purpose

The purpose of this item is to review with the Audits and Risk Management (ARM) Committee the 2023 Enterprise Compliance Services Compliance Plan (Compliance Plan) for the six-month period of January 1, 2023, through June 30, 2023. The Compliance Plan is designed to continue development of the enterprise compliance program using a framework to prevent, detect and respond to instances of ethical misconduct or noncompliance with laws, regulations and CalSTRS policies. The Plan also sets the priorities for the Enterprise Compliance Services (ECS) team.

Recommendation

This is an information item.

Executive Summary

To develop the Compliance Plan, ECS performed an integrated compliance risk assessment, which allows ECS to identify, prioritize and focus its resources toward CalSTRS most significant ethical and compliance risks. Based on the results of this risk assessment, ECS will focus its compliance efforts as outlined in the Compliance Plan located on Attachment 1. The plan covers the period of January 1, 2023, through June 30, 2023. Interim changes to the plan may occur due to changes in business risks, scheduling of CalSTRS initiatives, and resource availability. ECS will report on the Compliance Plan progress including any plan revisions to executive management and the ARM Committee.

Due to the transition of ECS to the Financial Services Branch, only a six-month plan is

presented, to transition reporting to a fiscal year basis. This will align with the Enterprise Risk Management program, which reports on a fiscal year basis and will allow the new Director of Enterprise Risk Management & Compliance Services (once hired) to oversee both programs on the same reporting cycle. In addition, once we've provided our maturity recommendations to the ARM Committee at the March 2023 meeting, we can easily shift priorities beginning in July 2023, as applicable, with a new plan based on those recommendations.

2023 Compliance Plan Highlights:

ECS coordinates with various branches throughout the organization to support CalSTRS in meeting its compliance and ethical responsibilities. A key compliance initiative in 2023 includes assessing and maturing the compliance program. ECS will develop a roadmap that includes sufficient details to guide ECS towards a mature best in class state. In addition, ECS will continue its communication with the organization on key risk topics and identify opportunities to improve awareness of compliance and ethical risk management.

2022 Compliance Plan Progress Update:

ECS continues to make progress on its existing 2022 compliance plan. Some of the 2022 compliance activities will carry over to 2023 primarily as a result of vacancies of two key positions, Director of Enterprise Risk Management & Compliance Services, and ECS Manager. The Financial Services Branch is focusing its recruitment efforts to successfully filling these two vacancies.

ECS also continues to promote awareness of compliance and ethics through weekly messages through CalSTRS internal SharePoint site. ECS also has several activities planned to celebrate Corporate Compliance and Ethics week that begins on November 6, 2022. ECS is working with Communications to create educational and interactive material that drives awareness of CalSTRS Code of Ethics and Business Conduct as well as reinforcement that compliance is everyone's responsibility.

Background

As recommended by the United States Federal Sentencing Guidelines, and the Society for Corporate Compliance and Ethics (SCCE), ECS performs a compliance risk assessment that results in development of an annual compliance plan. The compliance plan and progress on the compliance plan are presented to the ARM Committee as required by the ARM Charter.

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

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