



CALSTRS®



Enterprise Risk Management and  
Enterprise Compliance Services

18-month maturity plan update

Audits and Risk Management Committee

May 2024

# Enterprise Risk Management 18-month maturity plan

Component	Phase 1	Phase 2	Phase 3
<b>Governance and Culture</b>	<ul style="list-style-type: none"> <li>Develop training plans for ERM staff</li> </ul>	<ul style="list-style-type: none"> <li>Enhance education of ERM stakeholders (Board, ARM, ERCC, RCN)</li> </ul>	<ul style="list-style-type: none"> <li>Enhance education of ERM stakeholders (Board, ARM, ERCC, RCN)</li> </ul>
<b>Strategy and Objectives</b>	<ul style="list-style-type: none"> <li>Develop organization-wide risk appetite and tolerance statements</li> </ul>	<ul style="list-style-type: none"> <li>Develop frameworks for internal and external environmental risk factors/events</li> </ul>	<ul style="list-style-type: none"> <li>Ensure risk appetite and tolerances are an integral part of the strategic planning process</li> </ul>
<b>Performance and Monitoring</b>	<ul style="list-style-type: none"> <li>Create a consolidated risk universe</li> </ul>	<ul style="list-style-type: none"> <li>Develop Key Risk Indicators (KRIs) relevant to the risk appetite and strategy</li> </ul>	<ul style="list-style-type: none"> <li>Develop a holistic risk profile template for all risk types</li> <li>Establish and gain approval of criteria to prioritize risks</li> </ul>
<b>Review and Revision</b>		<ul style="list-style-type: none"> <li>Create an annual training needs assessment for ERM staff, RCN and ERCC members</li> </ul>	<ul style="list-style-type: none"> <li>Identify impacts on business objectives by regularly assessing internal and external environments risk factors</li> </ul>
<b>Communication and Reporting</b>			<ul style="list-style-type: none"> <li>Establish a formal escalation process to communicate emerging risk with executive leadership and board members</li> <li>Identify the most value-add activity and outcome-based performance measures</li> </ul>
<b>Technology</b>	<ul style="list-style-type: none"> <li>Deploy software solution that supports maturity of the ERM program</li> </ul>	<ul style="list-style-type: none"> <li>Integrate existing organizational data into ERM software solution</li> </ul>	

# Enterprise Risk Management 18-month maturity plan update as of March 31, 2024

*Maturity plan covers the period of January 1, 2024, through June 30, 2025*

#	Activity	Status
<b>Phase 1</b>		
1	Develop training plans for ERM staff	On target
2	Develop organization-wide risk appetite and tolerance statements	Completed
3	Create a consolidated risk universe	On target
4	Deploy software solution that supports maturity of the ERM program	On target
<b>Phase 2</b>		
5	Enhance Education of ERM Stakeholders (Board, ARM, Executive Risk and Compliance Committee, Risk Champions Network)	On target
6	Develop frameworks for internal and external environmental risk factors/events	Not started
7	Develop Key Risk Indicators (KRIs) relevant to the risk appetite and strategy	On target
8	Create an annual training needs assessment for ERM staff, Risk Champion Network and Executive Risk and Compliance Committee members	Not started
9	Integrate existing organizational data into ERM software solution	Not started
<b>Phase 3</b>		
10	Ensure risk appetite and tolerances are an integral part of the strategic planning process	Not started
11	Develop a holistic risk profile template for all risk types	Not started
12	Establish and gain approval of criteria to prioritized risks	Not started
13	Identify impacts on business objectives by regularly assessing internal and external environments risk factors	Not started
14	Establish a formal escalation process to communicate emerging risk with executive leadership and board members	Not started
15	Identify the most value-add activity and outcome-based performance measures	Not started

# Enterprise Compliance Services 18-month maturity plan

Component	Phase 1	Phase 2	Phase 3
<b>Governance, Administration and Authority</b>	<ul style="list-style-type: none"> <li>Update framework and charter</li> <li>Hire staffing resource</li> </ul>	<ul style="list-style-type: none"> <li>Inventory organization-wide assurance activities</li> </ul>	<ul style="list-style-type: none"> <li>Request staffing resources</li> </ul>
<b>Standards and Policies</b>	<ul style="list-style-type: none"> <li>Develop compliance procedure manual</li> </ul>	<ul style="list-style-type: none"> <li>Support implementation of new regulatory compliance requirements</li> <li>Administer annual enterprise-wide policy attestation</li> </ul>	<ul style="list-style-type: none"> <li>Support implementation of new regulatory compliance requirements</li> </ul>
<b>Risk Assessment</b>	<ul style="list-style-type: none"> <li>Support third-party risk management and procurement compliance</li> </ul>	<ul style="list-style-type: none"> <li>Support third-party risk management and procurement compliance</li> <li>Develop plan to align ECS and ERM risk assessments</li> </ul>	<ul style="list-style-type: none"> <li>Support third-party risk management and procurement compliance</li> <li>Fully align ERM and ECS risk assessments</li> </ul>
<b>Monitoring</b>		<ul style="list-style-type: none"> <li>Develop and document monitoring program framework and processes</li> </ul>	<ul style="list-style-type: none"> <li>Select policies to begin testing and monitoring</li> </ul>
<b>Training and Education</b>	<ul style="list-style-type: none"> <li>Identify ECS team training needs to support maturity plan</li> <li>Develop an annual risk-based compliance education plan</li> </ul>	<ul style="list-style-type: none"> <li>Develop ECS team continuous education program</li> <li>Implement risk-based compliance education plan</li> </ul>	
<b>Technology</b>	<ul style="list-style-type: none"> <li>Secure funding and acquire software to support maturity</li> </ul>	<ul style="list-style-type: none"> <li>Implement software</li> </ul>	

# Enterprise Compliance Services 18-month maturity plan update as of March 31, 2024

*Maturity plan covers the period of January 1, 2024, through June 30, 2025*

#	Activity	Status
<b>Phase 1</b>		
1	Update framework and charter	On target
2	Hire staffing resource	On target
3	Develop compliance procedure manual	Complete
4	Support third-party risk management and procurement compliance (ongoing through phase 3)	On target
5	Identify ECS team training needs to support maturity plan	Complete
6	Develop an annual risk-based compliance education plan	Complete
7	Secure funding and acquire software to support maturity	On target
<b>Phase 2</b>		
8	Inventory organization-wide assurance activities	Not started
9	Support implementation of new regulatory compliance requirements (ongoing through phase 3)	Not started
10	Administer annual enterprise-wide policy attestation	Complete
11	Develop plan to align ECS and ERM risk assessments	On target
12	Develop and document monitoring program framework and processes	Not started
13	Develop ECS team continuous education program	On target
14	Implement risk-based compliance education plan	Complete
15	Implement software	Not started

# Enterprise Compliance Services

## 18-month maturity plan update as of March 31, 2024 (continued)

*Maturity plan covers the period of January 1, 2024, through June 30, 2025*

#	Activity	Status
<b>Phase 3</b>		
16	Request staffing resources	Not started
17	Fully align ERM and ECS risk assessments	Not started
18	Select policies to begin testing and monitoring	Not started