



Audit Committee Meeting

Sacramento County Employees' Retirement System

Agenda Item 4

MEETING DATE: June 13, 2024

SUBJECT: Risk Assessment Project

SUBMITTED FOR: ☐ Consent ☐ Deliberation and Action ☒ Receive and File

DISCUSSION

As presented at the March 2024 Board meeting, SCERS staff is undertaking the establishment of an enterprise risk assessment and subsequent compliance audit program that will provide the knowledge and framework to identify, evaluate, and mitigate enterprise risk.

Staff is currently interviewing firms to provide consulting services, the costs of which were included in the 2024-25 adopted budget. For the engagement, the ideal consultant will demonstrate the ability to perform the following risk associated functions:

- Design and launch a comprehensive risk program that combines existing and prospective risk management practices with compliance audits;
- Design and launch a stakeholder audit plan for a recommended audit cycle; and,
- Provide explanation in familiar terms of how enterprise risk assessment/management can benefit SCERS and facilitate conversations around the topic of risk for all stakeholders.

For the scope of services, this engagement will require, at a minimum, the consultant to provide the following key deliverables:

- A comprehensive risk assessment including interviews and surveys, articulation of drivers, triggers and consequences, and clearly define risk ratings' impact, likelihood, and velocity;
- Advice and recommendations for an enterprise risk management framework;
- A co-developed risk classification that can be used across the organization to provide a common understanding of the universe of risks;
- An operational-ready risk assessment tool kit to include a risk register, heat map, risk report(s), etc.; and
- Training, skills, and knowledge transfer to help build a common understanding of risk.

Further into the process, staff will assess the need for other, advanced tool deliverables to support Enterprise Risk Management (ERM) initiatives. These tools include, but are not limited to:

- An ERM maturity capability model to measure program implementation.
- Risk escalation process.

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- Emerging risk reporting processes and reports.

Staff is currently in the planning stage for the initial risk assessment, which should be completed by the end of Q3 2024. Once a consultant is retained and a formal timeline is established, there is an estimated seven-week project cycle to conclude with a presentation to the Audit Committee and Board of Retirement. The project work cycle should be completed by the end of Q1 2025. Resources for future work efforts, such as auditing and reporting, will be requested in the 2025-26 budget cycle.

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