CALSTRS

Audits and Risk Management Committee

Item number 3 – Open session

Subject: FY 2026-27 Enterprise Risk Management & Compliance Services Work Plan Progress Report

Presenter(s): Lynn Bashaw

Item type: Consent information

Date and time: November 5, 2026 – 0 minutes

Attachment(s): Attachment 1 – Enterprise Risk Management FY 2026-27 Work Plan Progress Report

Attachment 2 – Enterprise Compliance Services FY 2026-27 Work Plan Progress Report

PowerPoint Presentation(s): None

Item purpose

The purpose of this item is to update the Audits and Risk Management Committee (ARM Committee) on the Enterprise Risk Management (ERM) and Enterprise Compliance Services (ECS) FY 2026-27 work plans. These annual plans support the ARM Committee in fulfilling its risk and compliance oversight responsibilities outlined in the ARM Committee Charter.

Recommendation

This is an information item only.

Executive summary

The Enterprise Risk Management (ERM) and Enterprise Compliance Services (ECS) teams continue to make substantive progress in strengthening CalSTRS' risk and compliance environment. Our work this year reflects a deliberate effort to modernize processes, enhance transparency, and provide leadership with clearer, more actionable information. Both teams remain on track to complete all items outlined in their FY 2026-27 work plans.

The following highlights summarize the key contributions of the ERM and ECS teams in advancing these work plans and supporting the ARM Committee's risk and compliance oversight

responsibilities. Further details about each initiative and its progress are available in the attached documents.

Key contributions from the ERM team:

- **Operationalized Riskonnect for enterprise risk activities**, enabling more reliable data and streamlined reporting.
- **Advanced reporting efficiencies** by submitting the six-month State Leadership and Accountability Act (SLAA) update and developing a process to automate future reports through the new Riskonnect system.
- **Sustained governance engagement** by leading monthly Risk Champion Network meetings and quarterly Executive Risk & Compliance Committee sessions.
- **Improved board-facing risk reporting**, preparing an updated ERM Risk Report that will be presented at the November ARM Committee and exploring clearer ways to present risk insights.

Key contributions from the ECS team:

- **Achieved 100% participation in the annual policy attestation**, reinforcing accountability across the organization.
- **Implemented a risk-ranked policy review cycle**, focusing attention on policies with higher exposure.
- **Assumed the new-employee policy acknowledgment workflow**, ensuring consistent compliance expectations during onboarding.
- **Expanded Riskonnect capabilities**, deploying the Policy Management module and progressing System and Organization Controls (SOC) and Monitoring modules.
- **Completed two policy monitoring reviews**, with another scheduled for early 2027 to continue strengthening oversight.

Both teams are making focused, practical improvements that directly support effective oversight. Our efforts this year show a clear move toward stronger governance, more consistent practices, and better insight for leadership and the board.

Strategic Plan linkage: Goal 3: Sustainable Organization – Fully integrate sustainability in all we do; Objective C: Mature how risks are identified, defined, viewed and managed.

Board Policy linkage: ARM Committee Charter Board Governance Manual

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Optional reference material: March 2026 ARM Committee Item 8 – Enterprise Risk Management and Compliance Services FY 2026-27 Work Plan