

PROGRAM EVALUATION REPORT

SC Retirement System Investment Commission

Date of Submission: *August 3, 2016*

Agency Director

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Date of Hire: September 2014

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Agency Online Resources

Website address: www.ic.sc.gov

Online Quick Links:

Please provide any links to the agency website the agency would like listed in the report for the benefit of the public.

Social Media Addresses: N/A

Agency Office Locations

Please list the physical address, mailing address, and phone number for each office location. You can continue onto the next page if additional space is needed. 1201 Main Street, 15th Floor, Columbia, SC 29201

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A. QUESTIONS

Please type the agency's responses to each question directly below the question. For the questions which ask the agency to complete an Excel chart, complete the chart and attach it to the end of this document when the agency submits the .pdf version.

Agency Snapshot

1. What are 3-4 items the agency considers as successes?

- 1) Complete review of asset allocation and implementation of revised allocation for FY '17;
- 2) Overhaul of agency compensation plan to eliminate incentive compensation and enable better alignment of compensation with plan performance;
- 3) Implementation of 85% of the Funston recommendations over the 27 months since their audit;
- 4) Industry leadership in fee collection and reporting;

2. What are 3-4 items the agency considers as its current challenges or issues? These can include things the agency already has a plan to improve. **These can include things the agency already has a plan to improve.**

- 1) Improvement of investment returns on real and relative bases;
- 2) Low-return investment environment for the foreseeable future (3-5 years);
- 3) Continuation of plan to appropriately size and resource agency operations;
- 4) Continual review of investment convictions;

3. What are 3-4 emerging issues the agency anticipates having an impact on its operations in the upcoming five years?

- 1) Low-return investment environment for the foreseeable future (3-5 years);
- 2) Diminishing pool of proven successful investment managers;
- 3) Difficulty in negotiating improved economic terms with the best performing investment managers;
- 4) Attracting and retaining quality investment staff

History and Structure

4. **Please provide the history of the agency by year, from its origin to the present, in a bulleted list. Include the names of each director with the year the director started, and major events (e.g. programs added, cut, departments/divisions changed, etc.).**
 - Effective October 1, 2005, the State Retirement System Preservation and Investment Reform Act (Act 153) established the Commission
 - Act 153 also provided that equity investments cannot exceed 70% (formerly 40%) of the Total Plan Portfolio (Portfolio) and created the position of Chief Investment Officer.
 - In November 2006, a Constitutional amendment allowing for full diversification of the Retirement System's Portfolio was approved in a statewide referendum and subsequently ratified by the Legislature in February 2007.
 - March 2006 – Commission hired Robert L. Borden as Chief Investment Officer (CIO)
 - January 2011, Curtis Loftis assumes the office of State Treasurer and a seat on the Commission
 - January 2012, Hershel Harper named interim CIO; named permanent in July 2012
 - July 2012 – Act 323 revises Commission membership structure, creates PEBA, codifies System contribution rates, codifies assumed rate of return, and revises benefit packages for new and current employees.
 - Executive Director Darry Oliver, February 2013 – October 2013
 - Executive Director Greg Ryberg, October 2013 – June 2014
 - Executive Director Sarah Corbet, July 2014 – August 2014
 - Executive Director/CEO Michael Hitchcock, September 2014 - Present

5. **Please provide information about the body that governs the agency and to whom the agency head reports. Explain what the agency's enabling statute outlines about the agency's governing body (e.g. board, commission, etc.), including, but not limited to: total number of individuals in the body; whether the individuals are elected or appointed; who elects or appoints the individuals; the length of term for each individual; whether there are any limitations on the total number of terms an individual can serve; whether there are any limitations on the number of consecutive terms an individual can serve; and any other requirements or nuisances about the body which the agency believes is relevant to understanding how it and the agency operate. If the governing body operates differently than outlined in statute, please describe the differences.**

RSIC is governed by a seven member Commission which meets pursuant to a yearly schedule set by the commission annually. The members are seated in the following manner: (1) one member appointed by the Governor; (2) the State Treasurer, ex officio or his appointee; (3) one member appointed by the Comptroller General; (4) one member appointed by the Chairman of the Senate Finance Committee; (5) one member appointed by the Chairman of the Ways and Means Committee of the House of Representatives; (6) one member who is a retired member of the retirement system. This representative member must be appointed by unanimous vote of the voting members of the commission; and (7) the Executive Director of South Carolina Public Employee Benefit Authority, ex officio, without voting privileges. Appointees serve five-year terms with no limit.

All appointed Commissioners must meet one of the following requirements: (1) the Chartered Financial Analyst credential of the CFA Institute; (2) the Certified Financial Planner credential of the Certified Financial Planner Board of Standards; (3) reserved; (4) at least twenty years professional actuarial experience, including at least ten as an Enrolled Actuary licensed by a Joint Board of the Department of the Treasury and the Department of Labor, to perform a variety of

actuarial tasks required of pension plans in the United States by the Employee Retirement Income Security Act of 1974; (5) at least twenty years professional teaching experience in economics or finance, ten of which must have occurred at a doctorate-granting university, master's granting college or university, or a baccalaureate college as classified by the Carnegie Foundation; (6) an earned Ph.D. in economics or finance from a doctorate-granting institution as classified by the Carnegie Foundation; or (7) the Certified Internal Auditor credential of The Institute of Internal Auditors.

6. **Please provide information about the agency's internal audit process including: whether the agency has internal auditors, a copy of the internal audit policy or charter, the date the agency first started performing audits, the names of individuals to whom internal auditors report, the general subject matters audited, name of person who makes the decision of when an internal audit is conducted, whether internal auditors conduct an agency-wide risk assessment routinely, whether internal auditors routinely evaluate the agency's performance measurement and improvement systems, the total number of audits performed in last five fiscal years; and the date of the most recent Peer Review of Self-Assessment by SC State Internal Auditors Association or other entity (if other entity, name of that entity).**

Please provide information about the agency's internal audit process including:

whether the agency has internal auditors, a copy of the internal audit policy or charter

Yes the Agency has Internal Audit staff and an Enterprise Risk Management & Compliance (ERMC) staff. Here is a link to our Commission's Audit Committee Charter <http://www.ic.sc.gov/Commission/Committeeltems/AUDIT/Audit%20Committee%20Charter.pdf> which governs both departments.

the date the agency first started performing audits,

RSIC formed a Quality Control Committee in April 2009, with the purpose of overseeing Audit & Compliance functions. As there was no RSIC Audit Committee at that time, PEBA (formerly SCRS) offered the services of its internal auditor until RSIC could hire staff for the department. During this time, PEBA's internal auditor focused on auditing investments. This arrangement continued on an interim basis until RSIC formalized the committee as the Audit Committee and formally adopted committee charter in September 2011. The charter has since been updated and the most recent version is noted above. In 2011 RSIC hired Deloitte LP to perform a strategic investment risk assessment and to assist the Commission in developing an Internal Audit Program. The Deloitte Strategic Assessment Report was issued in December 2011 and in January 2012 Deloitte was hired as an outsourced internal audit provider to execute on the 2012 audit plan. The Audit Committee also began the process of recruiting Internal Audit Staff and audits performed by these staff commenced shortly thereafter. Positions were filled in August and September of 2012.

the names of individuals to whom internal auditors report,

The Internal Audit and the Compliance & Enterprise Risk Management Function report to RSIC Audit Committee, which consists of 3 members of the Commission (<http://www.ic.sc.gov/Commission/Committeeltems/AUDIT/Audit%20Committee%20Members.pdf>). For Administrative purposes (such as approving leave) both departments report to the CEO.

the general subject matters audited, The Scope of Internal Audit encompasses all areas of RSIC including but not limited to

The scope of Internal Audit encompasses all areas of RSIC, including but not limited to, the examination and evaluation of the adequacy and effectiveness of the organization's governance, risk management, system of internal control, structure, activity, operations and the quality, economy, efficiency and effectiveness of performance in carrying out assigned responsibilities to achieve the organization's stated goals and objectives. The scope includes identifying opportunities for adding value such as improving management control, organizational structure, operations, processes and the organization's image/reputation or protection of assets and general consulting.

name of person who makes the decision of when an internal audit is conducted,

The Chief Audit Officer will submit, for review to the CEO and for final approval to the Audit Committee, a summary of the annual audit plan for the upcoming year.

whether internal auditors conduct an agency-wide risk assessment routinely,

Internal Audit performs an annual risk assessment, and in addition ERM works with management in developing a regular risk identification process to maintain a current inventory of key risks faced by RSIC's business units. The objective of this process is to identify any significant potential risks that have not been addressed in existing policies, procedures or guidelines, but which may require further assessment, monitoring and management. Management will proactively communicate with ERM on newly identified risks as soon as practical.

whether internal auditors routinely evaluate the agency's performance measurement and improvement systems,

As previously noted internal audit performs annual risk assessment which helps drive the annual audit plan. Given the uniqueness of our agency, this is not as applicable as it might be for other more program driven agencies.

the total number of audits performed in last five fiscal years;

Deloitte conducted 3 audits as part of our initial Internal Audit outsourcing in 2011/2012. Internal Audit staff has completed 9 reviews, which includes audits and consultation engagements (all which resulted in a final report shared with Audit Committee)

and the date of the most recent Peer Review of Self-Assessment by SC State Internal Auditors Association or other entity (if other entity, name of that entity).

Due to the more recent establishment of Internal Audit Department, no peer review has occurred to date though one has been discussed and is available through the Association of Public Pension Fund Auditors (a group for which SCRSIC is a member of)

General Information

7. Please complete the **Laws Chart**, which is a tab in the attached Excel document
8. Please list all entities and individuals the agency considers stakeholders. A “stakeholder” is a person, group or organization that has interest or concern in the agency or that can affect or be affected by the agency’s actions, objectives and policies. Since the agency is providing information about its partners and customers in response to other questions, the entities who are partners and customers do not need to be listed again here.

SC State Employees, SCS State Retirees, SC Taxpayers

9. List all entities the agency worked with in 2015-16, or plans to work with during 2016-17, that help the agency accomplish one or more of its goals, strategies or objectives (i.e. partners). Below each entity, list the applicable year, objective(s) the entity is helping the agency accomplish and ways in which the agency works with the partner to accomplish that objective(s).

SC PEBA - Investment returns contribute to benefit payments, reporting data contribute to PEBA CAFR, PEBA director is a seated and non-voting commissioner, SC PEBA Board are co-trustees;

SC State Treasurer’s Office – Fund custodian and controls the custodial relationship, Treasurer is a seated and voting Commissioner,

Various investment managers grouped by asset class (see pp 10-13 of Annual Investment Report) <http://ic.sc.gov/Reporting/AIR/PDFs/2015annualreport.pdf>;

SC SFAA – Commissioner appointing authorities and co-trustees

10. Please provide the following information regarding the amount of funds remaining at the end of each year that the agency had available to use the next year (i.e. in 2011-12, insert the amount of money left over at the end of the year that the agency was able to carry forward and use in 2012-13), for each of the last five years.

RSIC does not have carry forward. All unspent authorization simply remains in the Trust Fund.

Year	Amount Remaining at end of year that agency could use the next year
2011-12	
2012-13	
2013-14	
2014-15	
2015-16	

11. How much does the agency believe is necessary to have in carryforward each year? Why?

Please see Question 10.

12. Please complete the **Employees Available Chart**, which is a tab in the attached Excel document.

13. Please complete the **Agency Daily Operation Programs Chart**, which is a tab in the attached Excel document and applies to 2015-16 and 2016-17.

2015-16 Strategic Plan, Programs, Employee Allocation and Spending

14. Please complete the **2015-16 Customers & Potential Impacts Chart**, which is a tab in the attached Excel document.
15. Please review the **2015-16 Public Benefit and Responsibility Chart**, which is a tab in the attached Excel document.
16. Please complete the **2015-16 Employee Allocation by General Appropriation Act Program Chart**, which is a tab in the attached Excel document
17. Please complete the **2015-16 Programs and Objectives Chart**, which is a tab in the attached Excel document.
18. Please complete the **2015-16 Employee Allocation by Objective Chart**, which is a tab in the attached Excel document
19. Please complete the **2015-16 Strategic Spending Chart**, which is a tab in the attached Excel document, to provide the Committee information on how the agency spent its funding in 2015-16

2016-17 Strategic Plan, Programs, Employee Allocation and Budgeting

20. Please complete the **2016-17 Customers & Potential Impacts Chart**, which is a tab in the attached Excel document. If the agency's General Appropriation Act Programs - Daily Operations subprograms; services/products provided; and customer segments are the same as in 2015-16, the agency can simply type on the first line, "Same as 2015-16 Customers & Potential Impacts Chart."
21. Please review the **2016-17 Public Benefit and Responsibility Chart**, which is a tab in the attached Excel document. If the agency's strategic plan and employees responsible are the same as in 2015-16, the agency can simply type on the first line, "Same as 2015-16 Public Benefit and Responsibility Chart."
22. Please complete the **2016-17 Employee Allocation by General Appropriation Act Program Chart**, which is a tab in the attached Excel document
23. Please complete the **2016-17 Programs and Objectives Chart**, which is a tab in the attached Excel document.
24. Please complete the **2016-17 Employee Allocation by Objective Chart**, which is a tab in the attached Excel document. If the agency's strategic plan and employee allocation are the same as in 2015-16, the agency can simply type on the first line, "Same as 2015-16 Employee Allocation by Objective Chart."
25. Please complete the **2016-17 Strategic Budgeting Chart**, which is a tab in the attached Excel document, to provide the Committee information on how the agency plans to utilize the funds it is receiving in 2016-17, including any additional funds it plans on applying for during the year such as federal grants.

Program Structure

26. Please provide the following information regarding the agency's program structure in the General Appropriations Act.

- a. Does the agency have the ability to request a restructuring or realignment of its General Appropriations Act programs? (Y/N)

Yes

- b. In what year did the agency last request a restructuring or realignment of its General Appropriations Act programs? (see example of what is meant by General Appropriations Act programs to the right)

II. . Programs and Services
A. Water Quality Management
2. Water Management

N/A

- c. What was requested and why?

N/A

- d. Was the request granted? (Y/N) If no, who denied the request and why was it denied?

N/A

- e. Would an individual be able to clearly see how much the agency is spending toward each of the goals in its Strategic Plan by looking at the hierarchy of agency General Appropriation Act programs? (Y/N)

N/A

- f. Could the agency make a request to the Executive Budget Office, Senate Finance Committee, and House Ways and Means Committee to realign or restructure its General Appropriations Act programs so that the agency's goals from its strategic plan were the highest level of its General Appropriations Act programs in the hierarchy? (Y/N)

Yes

Performance Measures

27. Please complete the **Performance Measures Chart**, which is a tab in the attached Excel document.
28. After completing the Performance Measure Chart, please provide the following: Graphs/Charts which shows trends over the last five years for at least three performance measures (separate graph/chart for each performance measure) the agency believes are vital to knowing whether the agency is successful

Please see attached BNY Mellon Universe Report, dated 6/30/15, that shows the total return, peer universe ranking and return versus the policy benchmark for separate periods up to ten years

and:

- a. Three agency, government, non-profit, or for-profit entities the agency considers the best in the country in this process or similar process and why.
- b. If the agency did not use results from another entity as a performance benchmark, why not? What did the agency choose as the benchmark, and why?

The volatile nature of institutional investing, particularly since the Recession, prevents the identification of one or two consistently exceptional peer entities.

Comparison to Others

29. Are there other agencies that have goals similar to those at this agency? If so, which agencies and which goals?

No. RSIC is the sole entity responsible for management and investment of the Trust Fund, and statute allows that investment in a wide variety of vehicles not open to the state's other trust funds. Its function and allowable conduct is unique among SC state agencies.

30. For each of the agency's goals that are similar to goals at other agencies,
- a. How are what the other agencies, and this agency, striving for the same goal?
 - b. How are what the other agencies, and this agency, striving for different?
 - c. Are there ways this agency and those other agencies could work together to accomplish the goals more efficiently?
 - d. Are there ways this agency and those other agencies could work together to accomplish the goals more effectively?

Looking Ahead - Agency Ideas/Recommendations

31. Please list any ideas the agency has for internal changes at the agency that may improve efficiency and outcomes. These can be ideas that are still just ideas, things the agency is analyzing the feasibility of implementing, or things the agency already has plans for implementing. For each, include the following details:
- Stage of analysis;
 - Objectives and Associated Performance measures impacted and predicted impact;
 - Costs of the objectives that will be impacted and the anticipated impact;
 - On which objective(s) the agency plans to utilize additional available funds if the change saves costs, or obtain funds if the change requires additional funds, and how the objective(s) receiving or releasing the funds will be impacted; and
 - Anticipated implementation date.

RSIC currently is engaged in an exercise of challenging our convictions on asset allocation and investment implementation. The analysis began in late 2015 and continues. It involves a review of each and every asset class and its place, if warranted, in the asset allocation. The goal is improved investment performance on both an absolute and relative basis. The analysis will cost no extra money. Results will be implemented on an ongoing basis. One example is the new asset allocation for FY '17 that reflects the conclusions drawn from the first stages of the analysis.

32. After completing the Laws Chart (see Excel Charts in the next section). As the agency likely already has planned, please review the laws with executive management, as well as other employees, to determine ways agency operations may be less burdensome, or outcomes improved, from changes to any of the laws. Also, check if any of the laws are archaic or no longer match with current agency practices. Afterward, list any laws the agency would recommend the Committee further evaluate and possibly recommend revision or elimination of in the Committee's Oversight Report. For each one, include the information below. An example of the information to include and how to format the information is below and on the next page.
- Law;
 - Summary of current statutory requirement and/or authority granted;
 - Recommendation and Rationale for recommendation;
 - Current law wording;
 - Instructions and proposed new Wording of law; and
 - Other agencies that would be impacted by revising or eliminating the law.

Reports and Reviews

- 33. Please provide a list of the reports and reviews the agency must submit to a state or federal entity and the month of the year each are due.**

SECTION 9-16-90. Quarterly and annual investment reports; contents. (A) The commission shall provide investment reports at least quarterly during the fiscal year to the State Fiscal Accountability Authority, Revenue and Fiscal Affairs Office, and the Executive Budget Office, the Speaker of the House of Representatives, the President Pro Tempore of the Senate, and other appropriate officials and entities. (B) In addition to the quarterly reports provided in subsection (A), the commission shall provide an annual report to the State Fiscal Accountability Authority, Revenue and Fiscal Affairs Office, and the Executive Budget Office, the Speaker of the House of Representatives, members of the House of Representatives or Senate, but only upon their request, the President Pro Tempore of the Senate, and other appropriate officials and entities of the investment status of the retirement systems. RSIC also annually files OSHA Log 300 concerning work-related injuries and illnesses.

B. ADDITIONAL DOCUMENTS TO SUBMIT

Please submit the following additional documents in electronic format, saving them as instructed in the guidelines.

34. Please submit electronic copies of the following:

- a. **Audits performed on the agency by external entities, other than Legislative Audit Council, State Inspector General, or State Auditor's Office, during the last 5 years;**
Though some of these would be as consulting reviews or agreed upon procedures, we included them within given they provided valuable independent feedback on our policies and procedures in place.
 - Funston Fiduciary Audit– required by Proviso 117.121
 - <http://oig.sc.gov/Documents/FAS%20Final%20RSIC%20Fiduciary%20Audit%20Report%20April%2018%202014.pdf>
 - CliftonLarsonAllen - Agreed Upon Procedures: Investment Valuation and Due Diligence (attached)
 - CEM Investment Cost Analysis – for 5 years ended December 31, 2014
<http://ic.sc.gov/PDFs/South%20Carolina%20Retirement%20Systems%20Final.pdf>
 - CliftonLarsonAllen – PEBA annually has a CAFR audit, which includes an audit of our investment holdings
- b. **Audits performed by internal auditors at the agency during the last 10 years:**
 - Investment Fees FY13 Audit Flash Report (dated June 2013)
 - Performance Incentive Compensation Audit FY13 (dated September 2013)
 - Annual Investment Plan (AIP) and Statement of Investment Objectives and Policies (SIOP) Audit Report (dated April 2014)
 - Annual Investment Report (AIR) Audit Report FY13 (dated July 2014)
 - Investment Fees & Expense Audit Report FY13 and FY14 (date February 2015)
 - Performance Reporting Audit Report (dated September 2015)
 - Annual Investment Plan Audit Review FY15-16 (dated April 2015)
 - Annual Investment Report Audit Follow up Report (dated June 2016)
 - Ethics and Conflict of Interest Audit Review Report (dated June 2016)
- c. **Other reports, reviews or publications of the agency, during the last 10 years, including Fact Sheets, Reports required by provisos, Reports required by the Federal Government, etc.**

<http://www.ic.sc.gov/Reporting/AIR/default.htm>

Annual Investment Reports: SC Code – 9-16-90

<http://www.ic.sc.gov/Reporting/QuarterlyReports/default.htm>

Quarterly Investment Reports: SC Code – 9-16-90

<http://www.ic.sc.gov/Policies/AIP/default.htm>

Annual Investment Plans and Statements of Investment Objectives and Policies

- d. Organizational chart for the current year and as many years back as the agency has available.

Previously Provided

Note: The Oversight Committee will collect the following documents, so do not provide copies of these:

- a. Audits performed by the State Inspector General;
 - b. Audits performed by the Legislative Audit Council;
 - c. Audits or AUPs performed by the State Auditor's Office during the last 5 years; and
 - d. Agency Accountability Reports.
35. Please submit a Word document that includes a glossary of terms, including, but not limited to, every acronym used by the agency. (attached)

C. FEEDBACK (OPTIONAL)

After completing the Program Evaluation, please provide feedback to the Committee by answering the following questions:

36. What other questions may provide the Committee and public information about the agency that will allow them to understand how the agency operates, budgets, and performs?
37. What is/are the best way(s), in the agency's opinion for the Committee to be able to compare the specific results the agency obtained with the money it spent? The Committee is asking how the agency could determine the amounts spent and the exact results obtained and be confident these numbers aligned
38. What changes to the report questions, format, etc. would the agency recommend?
39. What benefits does the agency see in the public having access to the information in the report?
40. What are two-three things the agency could do differently next time (or it could advise other agencies to do) to complete the report in less time and at a lower cost to the agency?
41. Please provide any other comments or suggestions the agency would like to provide.

Laws

Agency Responding	Retirement System Investment Commission
Date of Submission	8/3/2016

INSTRUCTIONS: In this Chart, the agency will find all of the laws it listed as applicable to that agency in its Restructuring Report. Please do the following:

- (a) If the agency grouped any laws together when completing the Restructuring Report, go back through and list each law individually (as the Annual Restructuring Report informed the agency it would have to do in this report);
- (b) Make any revisions needed, including adding or removing laws or modifying the summary of each, to ensure the list is accurate as of the date the agency submits this report; and
- (c) List which objective(s) in the Agency's strategic plan satisfies each law.

Please cite Law Number as follows:

State Constitution: Article # . Title of Article . Section # . Title of Section (Example - Article IV. Executive Department. Section 12. Disability of Governor)

State Statute: ## - ## - ## . Name of Provision . (Example - 1-1-110. What officers constitute executive department.)

Federal Statute: Title # . U.S.C. Section # (Any common name for the statute)

State Regulation: Chapter # - Section # (Any common name for the regulation)

Federal Regulation: Title # C.F.R. Section # (Any common name for the regulation)

State Proviso: Proviso ## . # (Proviso Description), 2015-16 (or whichever year is applicable) Appropriations Act Part 1B (Example - 117.9 (GP: Transfers of Appropriations), 2014-15 Appropriations Act, Part 1B.)

Item #	Law Number	Jurisdiction	Type of Law	Statutory Requirement and/or Authority Granted	2015-16 Objective(s) which satisfy the law	2016-17 Objective(s) which satisfy the law
1	9-1-1310	State	Statute	Authority to invest and reinvest the Trust Fund as allowed by Constitution and Statute	1.1.1; 1.2.1; 1.3.1; 1.4.1	1.1.1; 1.2.1; 1.3.1; 1.4.1
2	9-1-1340	State	Statute	Prohibition of conflicts of interest	1.1.1; 1.2.1; 1.3.1; 1.4.1	1.1.1; 1.2.1; 1.3.1; 1.4.1
3	Title 9, Chapter 16	State	Statute	Duties and responsibilities of Commission, eligibility requirements, reporting requirements, considerations for investment of Trust Fund	1.1.1; 1.2.1; 1.3.1; 1.4.1	1.1.1; 1.2.1; 1.3.1; 1.4.1
4	Title 11, Chapter 57	State	Statute	Iranian Divestment Act	1.1.1, 1.2.1	1.1.1, 1.2.1
5	SC Constitution, Article X, Section XVI	State	Constitution	Notwithstanding the provisions of Section 11 of this article, the funds of the various state-operated retirement systems may be invested and reinvested in equity securities.	1.1.1, 1.2.1	1.1.1, 1.2.1
6	Proviso 99.1	State	Proviso	For Fiscal Year 2015-16, the provisions of Section 9-16-380 requiring the Inspector General to employ a private audit firm to perform the fiduciary audit on the Retirement System Investment Commission as required by Section 9-16-380 of the 1976 Code shall be suspended. Any savings generated by not conducting the audit shall be used to conduct audits required by Section 9-4-40 of the 1976 Code.	1.3.1, 1.4.1	1.3.1, 1.4.1
7	Proviso 99.2	State	Proviso	The Retirement System Investment Commission shall be required to appear before the House Ways and Means Committee's, Legislative, Executive and Local Government Subcommittee on a semi-annual basis at the request of the subcommittee. The purpose of the meeting shall include, but not be limited to, the review of quarterly investment reports and agency operations.	1.3.1	1.3.1
8	Proviso 99.3	State	Proviso	The Retirement System Investment Commission shall retain twenty-five percent of the annual amount invoiced for its third-party administrator system for the purpose of ensuring the performance of the third-party administrator. The funds must be held in a retainage account and may only be distributed after verification of satisfactory performance by the Investment Commission and Procurement Services pursuant to the service agreement with the third-party administrator. All undistributed funds in the retainage account may be carried forward from the prior fiscal year and used for the same purpose.	1.3.1	1.3.1
9	Various federal tax laws and ERISA (Employee Retirement Income Security Act of 1974)	Federal	Statute	There are certain elements of the federal tax laws and ERISA which the Investment Commission has to be mindful of in structuring and administering its investments	1.3.1	1.3.1
10	Federal securities laws	Federal	Statute	Certain elements of the federal securities laws can apply to or otherwise need to be considered by the Investment Commission, including the following: Securities Act of 1933 - Certain regulations promulgated thereunder (e.g., qualified purchaser, qualified institutional buyer, Rule 506 of Regulation D, etc.); Securities and Exchange Act of 1934 - insider trading laws/cases; Investment Advisers Act of 1940 - Certain regulations (e.g., consent to assignment of contracts; 'pay to play' regulations [which apply to many types of investment management firms doing business with, or seeking to do business with, the Commission])	1.3.1, 1.4.1	1.3.1, 1.4.1

Laws

11	Certain laws overseen by the Commodity Futures Trading Commission	Federal	Statute	There are certain elements of the federal commodities trading laws which the Investment Commission has to be mindful of in structuring and administering its investments	1.1.2, 1.3.1, 1.4.1	1.2.1; 1.3.1, 1.4.1
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Agency's Daily Operations Programs (2015-16)

Agency Responding	Retirement System Investment Commission
Date of Submission	8/3/2016

INSTRUCTIONS: In this Chart, the agency will find information in the second two columns which it provided in its Restructuring Report. Please do the following:

- (a) Review the programs listed and make any additions or other modifications needed. Please, do not consider the General Appropriations Act programs. Instead think of what the agency considers programs in the agency's daily operations (this may not have been clear in the Restructuring Report). These may be divisions, departments, programs it is working on related to grants, etc.
- (b) Regardless of whether the agency selected yes or no in the previous column, in the last column titled, "Other agencies whose mission the program may fit within," list other agencies whose mission the program may fall within based on the agency's knowledge of the program and reference to the list of all other agency missions, attached to these guidelines.

Fiscal Year (i.e. 2015-16; 2016-17; or both)	Daily Operations Program	Purpose of Program	Other agencies whose mission the program may fit within
Both	Asset Allocation	Apportion the portfolio's assets according to the goals, risk tolerance and investment horizon set out by the Commission	N/A
Both	Manager Selection	Identification of specific investment managers with whom RSIC will place Fund assets in order to fulfill the overall asset allocation	N/A
Both	Operations	Ensure the efficient and effective delivery of services complimentary to the investment function	N/A
Both	Internal Audit	Ensure a systematic and rigorous approach to the evaluation and improvement of risk management, control and governance processes	N/A

Employees Available

Agency Responding	Retirement System
Date of Submission	8/3/2016

INSTRUCTIONS: This chart requests the number of authorized, filled and unfilled full time equivalent (FTE) positions at the agency by general fund, other fund and federal funds during each of the last five years. It also asks for the number of temporary non-FTE and temporary grant non-FTE positions during the same time period.

General Fund Full Time Equivalent Positions (FTEs)					
	2011-12	2012-13	2013-14	2014-15	2015-16
Figures below are as of...					
Authorized	N/A	N/A	N/A	N/A	N/A
Filled	N/A	N/A	N/A	N/A	N/A
Unfilled	N/A	N/A	N/A	N/A	N/A

Other Fund FTEs					
	2011-12	2012-13	2013-14	2014-15	2015-16
Figures below are as of...	6/30/2012	6/30/2013	6/30/2014	6/30/2015	6/30/2016
Authorized	35	35	42	42	51
Filled	29	34	36	39	42
Unfilled	6	1	6	3	9

Federal FTEs					
	2011-12	2012-13	2013-14	2014-15	2015-16
Figures below are as of...					
Authorized	N/A	N/A	N/A	N/A	N/A
Filled	N/A	N/A	N/A	N/A	N/A
Unfilled	N/A	N/A	N/A	N/A	N/A

Total FTEs (General + Other + Federal Fund) & Non-FTEs					
	<u>Unfilled FTEs</u>	<u>Filled FTEs</u>	<u>Temporary Non-FTEs</u>	<u>Temporary Grant Non-FTEs</u>	<u>Total</u>
2011-12	6	29	7	0	42
2012-13	1	34	8	0	43
2013-14	6	36	9	0	51
2014-15	3	39	5	0	47
2015-16	9	42	7	0	58

Customers and Potential Impacts (2015-16)

Agency Responding	Retirement System Investment Commission
Date of Submission	8/3/2016

INSTRUCTIONS: In this Chart, please do the following:

- (a) Take each General Appropriation Act Program and think of the agency daily operations that fit within it. Then group those daily operations programs (D.O. programs) however is best for the agency (i.e. by division, grants, etc.) discuss each of the different services and/or products it provides. List each of those D.O. Programs, beside the General Appropriation Act Program it relates to, in the first column. The agency may need to insert additional rows between the existing General Appropriations Programs to include each of the D.O. Programs that relate to that General Appropriation Act Program
- (b) In the second column, provide a brief description of each D.O. Program.
- (c) In the column titled, "Service/Product provided," type the service or product the D.O. Program provides. If the D.O. Program provides multiple services or products, insert additional rows to ensure each service or product is listed on a different row. Be as specific as possible when listing the services and products provided because this information may be compared with the services and products provided by other agencies to determine if there is any duplication among agencies.
- (d) In the column titled, "Customer Segment," select the applicable customer segment from the drop down menu. Insert additional rows as needed to ensure each customer segment who receives a particular service or product, is listed on a different row.
- (e) In the column titled, "Specify for the following Segments," provide the additional information requested if the Customer Segment is (1) Industry; (2) Professional Organization; or (3) General Public. The additional information provided about the "General Public" customer segments served may be utilized to help change the current "General Public" customer segment option into more specific and defined segments within the public.
- (f) In the column titled, "Best potential impact if agency ever performs," provide a brief description of the best potential impact on that customer segment if the agency performs better than it ever thought possible.
- (g) In the column titled, "Most potential negative impact if the agency under performs," briefly describe what the agency considers the most potential negative impact to that customer segment that may occur as a result of the agency underperforming or performing at the worst level possible.
- (h) In the column titled, "What is monitored to determine if outside help is needed," type what the agency monitors on a daily, weekly or monthly basis to ensure the agency performance is at the level needed.
- (i) In the column titled, "Outside Help to Request," type the entities to whom the agency reaches out if the agency begins to see low performance;
- (j) In the column titled, "Level Requires Inform G.A.," type the level at which the agency thinks the General Assembly should be put on notice;
- (k) In the column titled, "1-3 G.A. Options," type one to three options for what the General Assembly could do to help resolve the issues before there is a potential crisis for each customer segment.

General Appropriation Act Program/Title - Daily Operations Program	Description/Purpose of Daily Operations Program	Service/Product provided (list only one service or product per row, but insert as many rows as needed to ensure all services and products provided are listed)	Customer Segment (list the customer segment as many times as needed, but list only one per line)	Specify for the following Segments:		Best potential impact on the customer segment if the agency ever performs	Most potential negative impact on the customer segment if the agency under performs	What is monitored to determine if outside help is needed	Outside Help to Request	Level Requires Inform G.A.	1-3 G.A. Options
				(1) Industry Name (2) Professional Organization Name	(3) Public: Other characteristics of public segment who receives service or product (i.e. age range, income levels, etc.)						
Personnel	Asset Allocation	Investment Returns	General Public	Beneficiaries		The allocation captures market performance to maximize total return with appropriate levels of risk.	The allocation misses market performance and total return lags	Weekly, monthly, quarterly and annual investment reports	Investment consultants, investment partners	Investment returns fall below the assumed rate of return	Under Consideration
Personnel	Asset Allocation	Investment Returns	General Public	State Employees		The allocation captures market performance to maximize total return with appropriate levels of risk.	The allocation misses market performance and total return lags	Weekly, monthly, quarterly and annual investment reports	Investment consultants, investment partners	Investment returns fall below the assumed rate of return	Under Consideration
Personnel	Asset Allocation	Investment Returns	General Public	Taxpayers		The allocation captures market performance to maximize total return with appropriate levels of risk.	The allocation misses market performance and total return lags	Weekly, monthly, quarterly and annual investment reports	Investment consultants, investment partners	Investment returns fall below the assumed rate of return	Under Consideration
Personnel	Manager Selection	Investment Returns	General Public	Beneficiaries		Active management produces exceptional returns thereby raising the total return of the Fund	Active management produces returns similar to or below passive market returns	Weekly, monthly, quarterly and annual investment reports	Investment consultants, investment partners	Investment returns fall below the assumed rate of return	Under Consideration
Personnel	Manager Selection	Investment Returns	General Public	State Employees		Active management produces exceptional returns thereby raising the total return of the Fund	Active management produces returns similar to or below passive market returns	Weekly, monthly, quarterly and annual investment reports	Investment consultants, investment partners	Investment returns fall below the assumed rate of return	Under Consideration
Personnel	Manager Selection	Investment Returns	General Public	Taxpayers		Active management produces exceptional returns thereby raising the total return of the Fund	Active management produces returns similar to or below passive market returns	Weekly, monthly, quarterly and annual investment reports	Investment consultants, investment partners	Investment returns fall below the assumed rate of return	Under Consideration
Personnel	Operations	Investment Returns	General Public	Beneficiaries		RISC is efficient and effective providing support to the Investment Team which allows the investment team to improve performance; RISC is timely and accurate and robust in its reporting of plan performance; RISC is legally compliant.	Operational dysfunction leading to ineffective of inefficient uses of resources and causes unnecessary distraction to the investment team which could lead to investment underperformance. Reporting to stakeholders is ineffective or inaccurate.	Needs of investment team and operations departments are frequently reviewed to see if additional service providers and/or systems are needed to meet new needs.	Service providers, investment systems (e.g. investment analytic systems)	Operational difficulties become insurmountable within the current statutory framework	Under Consideration
Personnel	Operations	Investment Returns	General Public	State Employees		RISC is efficient and effective providing support to the Investment Team which allows the investment team to improve performance; RISC is timely and accurate and robust in its reporting of plan performance; RISC is legally compliant.	Operational dysfunction leading to ineffective of inefficient uses of resources and causes unnecessary distraction to the investment team which could lead to investment underperformance. Reporting to stakeholders is ineffective or inaccurate.	Needs of investment team and operations departments are frequently reviewed to see if additional service providers and/or systems are needed to meet new needs.	Service providers, investment systems (e.g. investment analytic systems)	Operational difficulties become insurmountable within the current statutory framework	Under Consideration
Personnel	Operations	Investment Returns	General Public	Taxpayers		RISC is efficient and effective providing support to the Investment Team which allows the investment team to improve performance; RISC is timely and accurate and robust in its reporting of plan performance; RISC is legally compliant.	Operational dysfunction leading to ineffective of inefficient uses of resources and causes unnecessary distraction to the investment team which could lead to investment underperformance. Reporting to stakeholders is ineffective or inaccurate.	Needs of investment team and operations departments are frequently reviewed to see if additional service providers and/or systems are needed to meet new needs.	Service providers, investment systems (e.g. investment analytic systems)	Operational difficulties become insurmountable within the current statutory framework	Under Consideration
Personnel	Internal Audit and Compliance	Investment Returns	General Public	Beneficiaries		Through independent assessment, reviews, consulting work and compliance oversight by the Internal Audit Department and the Enterprise Risk Management & Compliance Department, they assist RISC in accomplishing its objective by bringing systematic and disciplined approach to evaluate and improve the economy, efficiency and effectiveness of the organization's risk management, control, and governance approach. Effective compliance oversight causes increased confidence in RISC.	Risks, material control deficiencies or material compliance violation aren't appropriately identified or addressed and as a result RISC faces a higher potential of wrongdoing, inefficiencies (causing increased cost) and/or decreased confidence.	Annually an Audit Plan is developed (using annual risk assessment) and approved by Audit Committee. This audit plan determines what audits or review work will be performed during FY. If additional work hours or technical expertise is needed by the Audit department, they can outsource or co-source portions of the audit plan.	Consulting firms, Audit firms	Statutory or fiduciary issues are discovered	Under Consideration
Personnel	Internal Audit and Compliance	Investment Returns	General Public	State Employees		Through independent assessment, reviews, consulting work and compliance oversight by the Internal Audit Department and the Enterprise Risk Management & Compliance Department, they assist RISC in accomplishing its objective by bringing systematic and disciplined approach to evaluate and improve the economy, efficiency and effectiveness of the organization's risk management, control, and governance approach. Effective compliance oversight causes increased confidence in RISC.	Risks, material control deficiencies or material compliance violation aren't appropriately identified or addressed and as a result RISC faces a higher potential of wrongdoing, inefficiencies (causing increased cost) and/or decreased confidence.	Annually an Audit Plan is developed (using annual risk assessment) and approved by Audit Committee. This audit plan determines what audits or review work will be performed during FY. If additional work hours or technical expertise is needed by the Audit department, they can outsource or co-source portions of the audit plan.	Consulting firms, Audit firms	Statutory or fiduciary issues are discovered	Under Consideration
Personnel	Internal Audit and Compliance	Investment Returns	General Public	Taxpayers		Through independent assessment, reviews, consulting work and compliance oversight by the Internal Audit Department and the Enterprise Risk Management & Compliance Department, they assist RISC in accomplishing its objective by bringing systematic and disciplined approach to evaluate and improve the economy, efficiency and effectiveness of the organization's risk management, control, and governance approach. Effective compliance oversight causes increased confidence in RISC.	Risks, material control deficiencies or material compliance violation aren't appropriately identified or addressed and as a result RISC faces a higher potential of wrongdoing, inefficiencies (causing increased cost) and/or decreased confidence.	Annually an Audit Plan is developed (using annual risk assessment) and approved by Audit Committee. This audit plan determines what audits or review work will be performed during FY. If additional work hours or technical expertise is needed by the Audit department, they can outsource or co-source portions of the audit plan.	Consulting firms, Audit firms	Statutory or fiduciary issues are discovered	Under Consideration

Public Benefit and Staff Responsibility (2015-16)

Agency Responding	Retirement System Investment Commission
Date of Submission	8/3/2016

INSTRUCTIONS: In this Chart, the agency will find information it provided in its Restructuring Report for 2015-16. Please ensure all cells are completed and the goals, strategies, objectives, intended public benefits and staff responsible are accurate for 2015-16. Cells which were left blank in the Restructuring Report and need to be completed are highlighted in yellow. Please highlight, in green, any cells where the agency provided information in the Restructuring Report, but there were changes in the plan or who was responsible after submission of the report. In another chart in this report the agency will provide information related to its 2016-17 Strategic Plan. As a reminder, the instructions for how the agency was to complete the chart are below:

- 1) Under the "Strategic Plan Part and Description" column, enter the strategic plan part number and description (i.e. Goal 1 - Increase the number of job opportunities available to juveniles to 20 per juvenile within the next 2 years).
- 2) Under the "Public Benefit/Intended Outcome" column, enter the intended outcome of accomplishing each goal and objective.
- 3) Under the "Responsible Person" columns, provide information about the individual who has primary responsibility/accountability for each goal and objective. The Responsible Person for a goal has different teams of employees beneath him/her to help accomplish the goal. The Responsible Person for an objective has employees and possibly different teams of employees beneath him/her to help accomplish the objective. The Responsible Person for a goal is the person who, in conjunction with his/her team(s) and approval from higher level superiors, determines the strategy and objectives needed to accomplish the goal. The Responsible Person for an objective is the person who, in conjunction with his/her employees and approval from higher level superiors, sets the performance measure targets and heads the game plan for how to accomplish the objective for which he/she is responsible. Under the "Position" column, enter the Responsible Person's position/title at the agency. Under "Office Address" column, enter the address for the office from which the Responsible Person works. Under the "Department/Division" column, enter the department or division at the agency in which the Responsible Person works. Under the "Department/Division Summary" column, enter a brief summary (no more than 1-2 sentences) of what that department or division does in the agency.

Mission:	Prudently managing all assets held in trust for the sole benefit of the participants and beneficiaries of the South Carolina Retirement Systems.	Legal Basis:	S.C. Code Ann. Section 9-16-330
Vision:	To be a world class investment organization that pursues strategies that contribute positively to the financial health of the Retirement System.	Legal Basis:	S.C. Code Ann. Section 9-16-340

Strategic Plan Part and Description (2015-16)	Intended Public Benefit/Outcome: (Ex. Outcome = Incidents decrease and public perceives that the road is safer) Just enter the intended outcome	Responsible Employee Name:	How long as staff member been responsible for the goal or objective: (i.e. more or less than 3 years)	Position:	Office Address:	Department or Division:	Department or Division Summary:
Goal 1 - Prudent, legal and transparent investment of Trust Funds	Effective investment of the Fund with the utmost transparency and strict adherence to all legal requirements	Geoff Berg	Less than 3 years	Acting Chief Investment Officer	1201 Main Street, Suite 1510, Columbia, SC 29201	Investment	Investment
		Andrew Chernick	Less than 3 years	Managing Director of Operations and Operational Due Diligence	1201 Main Street, Suite 1510, Columbia, SC 29201	Operations	Operations
Strategy 1.1 - Construct and execute, upon Commission approval, appropriate asset allocation							
Objective 1.1.1 - Invest assets wisely, manage risk, ensure liquidity and afford flexibility to react to changing market conditions	Benefits are funded, state employees and the general public have confidence in the agency and the requisite contributions are held to a minimum.	Geoff Berg	Less than 3 years	Acting CIO	1201 Main Street, Suite 1510, Columbia, SC 29201	Investment	Apportion the portfolio's assets according to the goals, risk tolerance and investment horizon set out by the Commission
Strategy 1.2 - Select investment managers based upon quantifiable analysis of performance							
Objective 1.2.1 - Identify specific asset managers with whom RSIC will place Fund assets in order to maximize the investment of those assets	Actively managed investments earn premium returns, the total Fund return increases accordingly and all parties have confidence in RSIC activities.	Geoff Berg	Less than 3 years	Acting CIO	1201 Main Street, Suite 1510, Columbia, SC 29201	Investment	Identification of specific investment managers with whom RSIC will place Fund assets in order to fulfill the overall asset allocation
Strategy 1.3 - Ensure the efficient and effective delivery of services complimentary to the investment function.							
Objective 1.3.1 - Providing support to the Investment Team, provide timely and accurate and robust reporting of plan performance, remain legally compliant.	The investment team has the tools to perform at the highest level; all fiduciaries and stakeholders have precise and relevant information; the Trust remains free of legal entanglement	Andrew Chernick	Less than 3 years	Managing Director of Operations and Operational Due Diligence	1201 Main Street, Suite 1510, Columbia, SC 29201	Operations	Ensure the efficient and effective delivery of services complimentary to the investment function
Strategy 1.4 - Provide independent, objective assurance and recommendations designed to add value and improve RSIC performance.							
Objective 1.4.1 - Systematic and disciplined approach to evaluate and improve the economy, efficiency and effectiveness of the organization's risk management, control, and governance approach.	Stakeholders, policy makers and the general public enjoy independent verification of the propriety and efficiency of investments and operations.	Andrew Chernick	Less than 3 years	Managing Director of Operations and Operational Due Diligence	1201 Main Street, Suite 1510, Columbia, SC 29201	Operations	Ensure a systematic and rigorous approach to the evaluation and improvement of risk management, control and governance processes

Employee Allocation by General Appropriation Act Program (2015-16)

Agency Responding	Retirement System Investment Commission
Date of Submission	8/3/2016

Disclaimer: The Committee understands the number of employee equivalents are estimates from the agency. The information is acceptable as long as the agency has a logical basis, which it can explain, as to how it reached the numbers it provided.

INSTRUCTIONS: In this Chart, please do the following:

(a) Consider the total number of FTE and non-FTE positions at the agency in 2015-16, which will auto-fill from the Employees Available Chart.

(b) Then, in the column titled, "Number of physical employees working on the budget program in 2015-16," list the number of physical employees working on each budget program. These employees may spend 100%, 50% or even 10% of their time working toward accomplishing the program.

(c) In the column titled, "Number of employee equivalents associated with the budget program in 2015-16," list the total number of employee equivalents working on the program in 2015-16. The agency may calculate the figure utilizing the method outlined in the Instructions and Examples for the Program Evaluation Report document.

General Appropriation Act Program (2015-16)	Daily Operations Programs	Number of physical employees working on the program in 2015-16	Number of employee equivalents working on the program in 2015-16
Number of FTEs Available		42	42
Number of Temporary Non-FTEs Available		7	7
Number of Temporary Grant Non-FTEs Available		0	0
Total Number of Employees Available		58	58
Personnel	Asset Allocation	11	5.25
Personnel	Manager Selection	29	22
Personnel	Operations	24	20.5
Personnel	Internal Audit	2	1.25

Programs and Objectives (2015-16)

Agency Responding	Retirement System Investment Commission
Date of Submission	8/3/2016

Disclaimer: The Committee understands amount the agency spent per objective and amount of employee equivalents that are associated with costs of each program are estimates from the agency. The information is acceptable as long as the agency has a logical basis, which it can explain, as to how it reached the numbers it provided.

INSTRUCTIONS: In this Chart, please do the following:

- (a) In the first two columns, the agency can copy and paste the information from the Accountability Report, "Major Programs," chart.
- (b) In the column titled, "Money Spent on Program in 2015-16," list the amount of money the agency spent on the program in 2015-16.
- (c) In the column titled, "Number of employee equivalents associated with the budget program in 2015-16," list the total number of employee equivalents working on the program in 2015-16 from the Employee Allocation by Budget Program Chart.
- (d) In the column titled, "Objective the Program Helps Accomplish," list each objective the program helps the agency accomplish. Please list only objective per row. This may require inserting additional rows between programs.
- (e) In the column titled, "Approx. amount of money spent on objective that is associated with costs from program," consider the total amount actually spent on the program and what portion of that amount was related to each objective. If the agency adds up the amounts for each associated objective, it should equal the total amount spent on the program.
- (f) In the column titled, "Approx. amount of employee equivalents utilized on objective that are associated with the program," consider the total amount of employee equivalents utilized on the program and what portion of that time was related to each objective. If the agency adds up the amounts for each associated objective, it should equal the total number of employee equivalents utilized on the program.

General Appropriation Act Programs (2015-16)	Daily Operations Programs	Description of Program	Money Spent on Program in 2015-16	Number of employee equivalents associated with this Program in 2015-16	Objective the Program Helps Accomplish (The agency can copy the Objective number and description from the first column of the Strategy, Objective and Responsibility Chart) List <u>ONLY ONE</u> strategic objective per row.	Approx. amount of money spent on each objective in 2015-16 that is associated with costs from this program (if you add up the amounts for each objective it should equal the total amount spent on the program)	Approx. amount of employee equivalents in 2015-16 utilized on each objective that are associated with this program (if you add up the amounts for each objective it should equal the total amount employee equivalents for the program)
Personnel	Asset Allocation	Apportion the portfolio's assets according to the goals, risk tolerance and investment horizon set out by the Commission	\$2,361,241.61	5.25	Objective 1.1.1 - Invest assets wisely, manage risk, ensure liquidity and afford flexibility to react to changing market conditions	\$2,361,241.61	5.25
Personnel	Manager Selection	Identification of specific investment managers with whom RSIC will place Fund assets in order to fulfill the overall asset allocation	\$3,746,227.94	22	Objective 1.2.1 - Identify specific asset managers with whom RSIC will place Fund assets in order to maximize the investment of those assets	\$3,746,227.94	22
Personnel	Operations	Ensure the efficient and effective delivery of services complimentary to the investment function.	\$4,267,284.56	20.5	Objective 1.3.1 - Providing support to the Investment Team, provide timely and accurate and robust reporting of plan performance, remain legally compliant.	\$4,267,284.56	20.5
Personnel	Internal Audit	Ensure a systematic and rigorous approach to the evaluation and improvement of risk management, control and governance processes	\$375,236.52	1.25	Objective 1.4.1 - Systematic and disciplined approach to evaluate and improve the economy, efficiency and effectiveness of the organization's risk management, control, and governance approach.	\$375,236.52	1.25

Employee Allocation by Objective (2015-16)

Agency Responding	Retirement System Investment Commission
Date of Submission	8/3/2016

Disclaimer: The Committee understands the number of employee equivalents are estimates from the agency. The information is acceptable as long as the agency has a logical basis, which it can explain, as to how it reached the numbers it provided.

INSTRUCTIONS: In this Chart, please do the following:

- (a) Review the agency's strategic plan, which is provided in the chart based on the information from the agency's Restructuring Report.
- (b) In the column titled, "Number of employee equivalents working on the goal or objective in 2015-16," list the number of employees working toward each objective, by totaling the amounts from the Employee Allocation by Budget Program Chart.
- (c) The total number of employees working toward each goal should automatically sum based on the numbers you enter for the number of employees per objective.

Strategic Plan Part and Description (2015-16) <i>(i.e. Goal 1 - Insert description, Strategy 1.1 - Insert Description, Objective 1.1.1 - Insert Description)</i>	Number of physical employees working on the goal or objective in 2015-16	Number of employee equivalents working the goal or objective in 2015-16
Number of FTEs Available	42	42
Number of Temporary Non-FTEs Available	7	7
Number of Temporary Grant Non-FTEs Available	0	0
Total Number of Employees Available	58	58
Goal 1 - Prudent, legal and transparent investment of Trust Funds		
Strategy 1.1 - Construct and execute, upon Commission approval, appropriate asset allocation		
Objective 1.1.1 - Invest assets wisely, manage risk, ensure liquidity and afford flexibility to react to changing market conditions	11	11
Strategy 1.2 - Select investment managers based upon quantifiable analysis of performance		
Objective 1.2.1 - Identify specific asset managers with whom RSIC will place Fund assets in order to maximize the investment of those assets	25	22
Strategy 1.3 - Ensure the efficient and effective delivery of services complimentary to the investment function.		
Objective 1.3.1 - Providing support to the Investment Team, provide timely and accurate and robust reporting of plan performance, remain legally compliant.	21	20.5
Strategy 1.4 - Provide independent, objective assurance and recommendations designed to add value and improve RSIC performance.		
Objective 1.4.1 - Systematic and disciplined approach to evaluate and improve the economy, efficiency and effectiveness of the organization's risk management, control, and governance approach.	2	1.25

Strategic Spending (2015-16)

Agency Responding	Retirement System Investment Commission
Date of Submission	8/3/2016

Disclaimer: The Committee understands amount the agency budgeted and spent per goal and objective are estimates from the agency. The information is acceptable as long as the agency has a logical basis, which it can explain, as to how it reached the numbers it provided.

INSTRUCTIONS:

Below you will find information the agency submitted in its 2016 Restructuring Report. Please update this information to reflect the information requested as of the end of fiscal year 2015-16.

Part A: Funds Available this past Fiscal Year (2015-16)

(a) Please enter each source of funds for the agency in a separate column. Group the funding sources however is best for the agency (i.e., general appropriation programs, proviso 18.2, proviso 19.3, grant ABC, grant XYZ, Motor Vehicle User Fees, License Fines, etc.) to provide the information requested below each source (i.e., state, other or federal funding; recurring or one-time funding; etc.). The agency is not restricted by the number of columns so please delete or add as many as needed. However the agency chooses to group its funding sources, it should be clear through Part A and B, how much the agency had available to spend and where the agency spent the funds.

Part B: Funds Spent this past Fiscal Year (2015-16)

(a) The agency's objectives and unrelated purposes are listed based on the information the agency provided in the Restructuring Report. The agency will see there are new rows between "objectives" and "unrelated purposes." These new rows are intended to allow the agency to list money it spent this year that was for previously committed multiple year projects. The intent of these new rows is to separate what the agency spent toward its current objectives and what it spent toward objectives and projects from previous years, which took multiple years to pay off.

(b) Please add any information needed in the new rows (i.e., "Money previously committed for multiple years") and make any revisions necessary to ensure all unrelated purposes are listed. As a reminder, an "unrelated purpose" is money the agency is legislatively directed to spend on something that is not related to an agency objective (i.e., pass through, carry forward, etc.).

(c) Finally, review and revise the amounts spent from each funding source on the agency objectives, money previously committed for multiple years and unrelated purposes so it reflects how much the agency actually spent on each and fill in the information requested in the remaining rows. Remember, in each row, you need to provide the total of all the values from the different funding sources for that row.

PART A - Funds Available this past Fiscal Year (2015-16)		
What is the source of funds? (insert as many columns as needed, just make sure to total everything in the last column)	Totals	Retirees Trust Fund
State, other or federal funding?	n/a	Other
Recurring or one-time?	n/a	One-time
From Last Year Available to Spend this Year		
Amount available at end of previous fiscal year	\$1,003,617	\$1,003,617
Amount available at end of previous fiscal year that agency can actually use this fiscal year	\$0	\$0
If the amounts in the two rows above are not the same, explain why :	n/a	No carry forward allowed
Received this Year		
Amount <u>budgeted to receive</u> in this fiscal year:	\$17,809,132	\$17,809,132
Amount <u>actually received</u> this fiscal year:	\$13,356,849	\$13,356,849
If the amounts in the two rows above are not the same, explain why :	n/a	9-16-315(H)(1) - administrative costs of RSIC are paid from the earnings of the States' retirement system funds. Cash drawdowns are performed quarterly or when necessary to cover the expenses of RSIC. RSIC did not spend its total \$17.8 million appropriation, so the amount actually drawn down (\$13.3 million) is less than the appropriation. Any cash on hand at the end of the Fiscal Year is used to offset future Fiscal Year drawdowns.
Total Actually Available this Year		
Total amount available to spend this fiscal year (i.e. Amount available at end of previous fiscal year that agency can actually use in this fiscal year PLUS Amount budgeted/estimated to receive this fiscal year)	\$13,356,849	\$13,356,849

Additional Explanations regarding Part A:

**Despite having cash on hand, RSIC cannot spend more than is appropriated in a given FY*

PART B - Funds Spent this past Fiscal Year (2015-16)		
What is the source of funds? (insert as many columns as needed, just make sure to total everything in the last column)	Totals	Retirees Trust Fund
State, other or federal funding?	n/a	Other
Recurring or one-time?	n/a	One-time
What are the external restrictions (from state or federal government, grant issuer, etc.), if any, on how the agency was able to spend the funds from this source:	n/a	Budget Authorization
Were expenditure of funds tracked through SCEIS? (if no, state the system through which they are recorded so the total amount of expenditures could be verified, if needed)	n/a	Yes
Total amount available to spend	\$13,356,849	\$13,356,849
Where Agency Spent Money - Current Objectives		
Objective 1.1.1 - Invest assets wisely, manage risk, ensure liquidity and afford flexibility to react to changing market conditions	\$2,361,241.61	\$2,361,241.61
Objective 1.2.1 - Identify specific asset managers with whom RSIC will place Fund assets in order to maximize the investment of those assets	\$3,746,227.94	\$3,746,227.94
Objective 1.3.1 - Providing support to the Investment Team, provide timely and accurate and robust reporting of plan performance, remain legally compliant.	\$4,267,284.56	\$4,267,284.56
Objective 1.4.1 - Systematic and disciplined approach to evaluate and improve the economy, efficiency and effectiveness of the organization's risk management, control, and governance approach.	\$375,236.52	\$375,236.52
Total Spent on Current Objectives:	\$10,749,991	\$10,749,991

Performance Measures

Agency Responding	Retirement System Investment Commission
Date of Submission	8/3/2016

INSTRUCTIONS: In this Chart, please do the following:

(a) Notice there are three blank template charts. One for Program Measure #1, Program Measure #2, and Program Measure #3. Count the total number of performance measures the agency utilizes. Then, copy and paste the blank templates as many times as needed so the agency has a blank one for each agency performance measure. Finally, fill in the blanks for each performance measure.

(b) In the column titled, "Performance Measure," enter the performance measure just like the agency did in the Accountability report.

(c) In the column titled, "Type of Measure," pick the type of measure that best fits the performance measure from the drop down box (see Types of Performance Measures explained at the top of the chart).

(d) In the column titled, "Related to the following at the agency," select which of the following the performance measures most relates to, which are included in a drop down menu.

i. Mission effectiveness (i.e., a process characteristic indicating the degree to which the process output (work product) conforms to statutory requirements (i.e., is the agency doing the right things?))

ii. Mission efficiency (i.e., a process characteristic indicating the degree to which the process produces the required output at minimum resource cost (i.e., is the agency doing things right?))

iii. Quality (i.e., degree to which a deliverable (product or service) meets customer requirements and expectations (a customer is defined as an actual or potential user of the agency's products or services))

iv. Operational efficiency and work system performance (includes measures related to the following: innovation and improvement results; improvements to cycle or wait times; supplier and partner performance; and results related to emergency drills or exercises)

(e) In the column titled, "Agency selected; Required by State; or Required by Federal," pick State from the drop down menu if an entity in state government requires the agency to track this information, Federal if an entity in the federal government requires the agency to track this information, or Only Agency Selected if there is no state or federal entity that requires the agency to track this information and the agency selected it.

(f) In the next set of columns enter the actual and target results for each year. Next to "Actual Results," enter the actual value the agency had for that performance measure at the end of that year. Next to "Target Results," enter the target value the agency wanted to reach for the performance measure for that year. If the agency did not utilize a particular performance measure during certain years, then enter the following next to the applicable "Actual Results" and "Target Results," - "Agency did not use PM during this year."

(g) Note: Benchmarks are goals to aim for. Agencies choose benchmarks based on standards within their industry. For instance, the agency might look to peak performers in their industry and set their targets so that the agency can work to incrementally reach those peak performers. In the Column labeled, "Benchmark," list the peak performers or other data the agency referenced when setting its target.

Types of Performance Measures:

Outcome Measure - A quantifiable indicator of the public and customer benefits from an agency's actions. Outcome measures are used to assess an agency's effectiveness in serving its key customers and in achieving its mission, goals and objectives. They are also used to direct resources to strategies with the greatest effect on the most valued outcomes. Outcome measures should be the first priority. Example - % of licensees with no violations.

Efficiency Measure - A quantifiable indicator of productivity expressed in unit costs, units of time, or other ratio-based units. Efficiency measures are used to assess the cost-efficiency, productivity, and timeliness of agency operations. Efficiency measures measure the efficient use of available resources and should be the second priority. Example - cost per inspection

Output Measure - A quantifiable indicator of the number of goods or services an agency produces. Output measures are used to assess workload and the agency's efforts to address demands. Output measures measure workload and efforts and should be the third priority. Example - # of business license applications processed.

Input/Activity Measure - Resources that contribute to the production and delivery of a service. Inputs are "what we use to do the work." They measure the factors or requests received that explain performance (i.e. explanatory). These measures should be the last priority. Example - # of license applications received

Performance Measure #1	Type of Measure:	Related to the following at the agency:	Agency selected; Required by State; or Required by Federal:	Associated Objectives										
7.5% rate of return on investments	Outcome Measure	Mission Effectiveness	State	All										
Why was this performance measure chosen?	2011-12 Actual Results	2012-13 Actual Results	2013-14 Actual Results	Was 2014-15 target standard, moderate, or stretch challenge:	2014-15 Target Results:	2014-15 Actual Results:	Benchmark for 2015-16 target results:	Was 2015-16 target standard, moderate, or stretch challenge:	2015-16 Target Results:	2015-16 Actual Results:	Benchmark for 2016-17 target results:	Is 2016-17 target standard, moderate, or stretch challenge:	2016-17 Target Results:	
Statutory	0.61%	9.99%	15.29%	Moderate	7.50%	1.60%	7.50%	Challenge	7.50%	N/A	7.50%	Challenge	7.50%	

Performance Measure #2	Type of Measure:	Related to the following at the agency:	Agency selected; Required by State; or Required by Federal:	Associated Objectives										
Portfolio Benchmark	Efficiency Measure	Mission Efficiency	Agency Selected	All										
Why was this performance measure chosen?	2011-12 Actual Results	2012-13 Actual Results	2013-14 Actual Results	Was 2014-15 target standard, moderate, or stretch challenge:	2014-15 Target Results:	2014-15 Actual Results:	Benchmark for 2015-16 target results:	Was 2015-16 target standard, moderate, or stretch challenge:	2015-16 Target Results:	2015-16 Actual Results:	Benchmark for 2016-17 target results:	Is 2016-17 target standard, moderate, or stretch challenge:	2016-17 Target Results:	
Industry standard	~4%/ 6%	10%/8.1%	15.3%/14.2%	Moderate	1.20%	1.60%	1.50%	Moderate	Pending	Pending	Pending		Pending	

Performance Measure #3	Type of Measure:	Related to the following at the agency:	Agency selected; Required by State; or Required by Federal:	Associated Objectives										
Peer Universe Median	Outcome Measure	Mission Effectiveness	Agency Selected	All										
Why was this performance measure chosen?	2011-12 Actual Results	2012-13 Actual Results	2013-14 Actual Results	Was 2014-15 target standard, moderate, or stretch challenge:	2014-15 Target Results:	2014-15 Actual Results:	Benchmark for 2015-16 target results:	Was 2015-16 target standard, moderate, or stretch challenge:	2015-16 Target Results:	2015-16 Actual Results:	Benchmark for 2016-17 target results:	Is 2016-17 target standard, moderate, or stretch challenge:	2016-17 Target Results:	
Industry standard	.61%/1.09%	10.17%/12.31%	15.44%/17.13%	Challenge	3.11%	1.73%	Pending	Challenge	Pending	Pending	Improvement	Challenge	Improvement	

Customers and Potential Impacts (2016-17)

Agency Responding	Retirement System Investment Commission
Date of Submission	8/3/2016

INSTRUCTIONS: In this Chart, please do the following:

- (a) Take each General Appropriation Act Program and think of the agency daily operations that fit within it. Then group those daily operations programs (D.O. programs) however is best for the agency (i.e. by division, grants, etc.) to discuss each of the different services and/or products it provides. List each of those D.O. Programs, beside the General Appropriation Act Program it relates to, in the first column. The agency may need to insert additional rows between the existing General Appropriations Programs to include each of the D.O. Programs that relate to that General Appropriation Act Program
- (b) In the second column, provide a brief description of each D.O. Program.
- (c) In the column titled, "Service/Product provided," type the service or product the D.O. Program provides. If the D.O. Program provides multiple services or products, insert additional rows to ensure each service or product is listed on a different row. Be as specific as possible when listing the services and products provided because this information may be compared with the services and products provided by other agencies to determine if there is any duplication among agencies.
- (d) In the column titled, "Customer Segment," select the applicable customer segment from the drop down menu. Insert additional rows as needed to ensure each customer segment who receives a particular service or product, is listed on a different row.
- (e) In the column titled, "Specify for the following Segments," provide the additional information requested if the Customer Segment is (1) Industry; (2) Professional Organization; or (3) General Public. The additional information provided about the "General Public" customer segments served may be utilized to help change the current "General Public" customer segment option into more specific and defined segments within the public.
- (f) In the column titled, "Best potential impact if agency over performs," provide a brief description of the best potential impact on that customer segment if the agency performs better than it ever thought possible.
- (g) In the column titled, "Most potential negative impact if the agency under performs," briefly describe what the agency considers the most potential negative impact to that customer segment that may occur as a result of the agency underperforming or performing at the worst level possible.
- (h) In the column titled, "What is monitored to determine if outside help is needed," type what the agency monitors on a daily, weekly or monthly basis to ensure the agency performance is at the level needed.
- (i) In the column titled, "Outside Help to Request," type the entities to whom the agency reaches out if the agency begins to see low performance;
- (j) In the column titled, "Level Requires Inform G.A.," type the level at which the agency thinks the General Assembly should be put on notice;
- (k) In the column titled, "1-3 G.A. Options," type one to three options for what the General Assembly could do to help resolve the issues before there is a potential crisis for each customer segment.

General Appropriation Act Program/Title - Daily Operations Program	Description/Purpose of Daily Operations Program	Service/Product provided (list only one service or product per row, but insert as many rows as needed to ensure all services and products provided are listed)	Customer Segment (list the customer segment as many times as needed, but list only one per line)	Specify for the following Segments: (1) Industry- Name; (2) Professional Organization- Name (3) Public- Other characteristics of public segment who receives service or product (i.e. age range; income levels, etc.)	Best potential impact on the customer segment if the agency over performs	Most potential negative impact on the customer segment if the agency under performs	What is monitored to determine if outside help is needed	Outside Help to Request	Level Requires Inform G.A.
Same as 2015-16									

Public Benefit and Responsibility (2016-17)

Agency Responding	Retirement System Investment Commission
Date of Submission	8/3/2016

INSTRUCTIONS: If the agency's strategic plan and employees responsible are the same as in 2015-16, the agency can simply type on the first line, "Same as 2015-16 Public Benefit and Responsibility Chart." If the agency is revising its 2015-16 Strategic Plan for this year, or revising which employee is responsible for certain goals or objectives, please provide information for the strategic plan the agency will follow in 2016-17 and the employees who will be responsible for ensuring it is accomplished. As a reminder, the instructions for how the agency is to complete the chart is below:

- 1) Under the "Strategic Plan Part and Description" column, enter the strategic plan part number and description (i.e. Goal 1 - Increase the number of job opportunities available to juveniles to 20 per juvenile within the next 2 years).
- 2) Under the "Public Benefit/Intended Outcome" column, enter the intended outcome of accomplishing each goal and objective.
- 3) Under the "Responsible Person" columns, provide information about the individual who has primary responsibility/accountability for each goal and objective. The Responsible Person for a goal has different teams of employees beneath him/her to help accomplish the goal. The Responsible Person for an objective has employees and possibly different teams of employees beneath him/her to help accomplish the objective. The Responsible Person for a goal is the person who, in conjunction with his/her team(s) and approval from higher level superiors, determines the strategy and objectives needed to accomplish the goal. The Responsible Person for an objective is the person who, in conjunction with his/her employees and approval from higher level superiors, sets the performance measure targets and heads the game plan for how to accomplish the objective for which he/she is responsible. Under the "Position" column, enter the Responsible Person's position/title at the agency. Under "Office Address" column, enter the address for the office from which the Responsible Person works. Under the "Department/Division" column, enter the department or division at the agency in which the Responsible Person works. Under the "Department/Division Summary" column, enter a brief summary (no more than 1-2 sentences) of what that department or division does in the agency.

Mission:	Prudently managing all assets held in trust for the sole benefit of the participants and beneficiaries of the South Carolina Retirement Systems.	Legal Basis:	S.C. Code Ann. Section 9-16-330
Vision:	To be a world class investment organization that pursues strategies that contribute positively to the financial health of the Retirement System.	Legal Basis:	S.C. Code Ann. Section 9-16-340

Strategic Plan Part and Description (2016-17)	Intended Public Benefit/Outcome: (Ex. Outcome = incidents decrease and public perceives that the road is safer) Just enter the intended outcome	Responsible Employee Name:	How long as staff member been responsible for the goal or objective: (i.e. more or less than 3 years)	Position:	Office Address:	Department or Division:	Department or Division Summary:
Same as 2015-16							

Employee Allocation by General Appropriation Act Program (2016-17)

Agency Responding	Retirement System Investment Commission
Date of Submission	8/3/2016

Disclaimer: The Committee understands the number of employee equivalents are estimates from the agency. The information is acceptable as long as the agency has a logical basis, which it can explain, as to how it reached the numbers it provided.

INSTRUCTIONS: In this Chart, please do the following:

- (a) Consider the total number of FTE and non-FTE positions at the agency in 2015-16, which will auto-fill from the Employees Available Chart.
- (b) Then, in the column titled, "Number of physical employees working on the budget program in 2015-16," list the number of physical employees working on each budget program. These employees may spend 100%, 50% or even 10% of their time working toward accomplishing the program.
- (c) In the column titled, "Number of employee equivalents associated with the budget program in 2015-16," list the total number of employee equivalents working on the program in 2015-16. The agency may calculate the figure utilizing the method outlined in the Instructions and Examples for the Program Evaluation Report document.

General Appropriation Act Program (2016-17)	Daily Operations Programs	Number of physical employees working on the program in 2016-17	Number of employee equivalents working on the program in 2016-17
Number of FTEs Available		51	51
Number of Temporary Non-FTEs Available		7	7
Number of Temporary Grant Non-FTEs Available		0	0
Total Number of Employees Available		58	58
Personnel	Asset Allocation	16	7.5
Personnel	Manager Selection	36	26.75
Personnel	Operations	25	21.5
Personnel	Internal Audit	3	2.25

Programs and Objectives (2016-17)

Agency Responding	Retirement System Investment Commission
Date of Submission	8/3/2016

Disclaimer: The Committee understands amount the agency spent per objective and amount of employee equivalents that are associated with costs of each program are estimates from the agency. The information is acceptable as long as the agency has a logical basis, which it can explain, as to how it reached the numbers it provided.

INSTRUCTIONS: In this Chart, please do the following:

- (a) In the first two columns, the agency can copy and paste the information from the Accountability Report, "Major Programs," chart.
- (b) In the column titled, "Money Budgeted on Program for 2016-17," list the amount of money the agency is budgeting to spend on the program in 2016-17.
- (c) In the column titled, "Number of employee equivalents associated with the program," list the total number of employee equivalents the agency plans to have working on the program in 2016-17.
- (d) In the column titled, "Objective the Program Helps Accomplish," list each objective the program helps the agency accomplish. Please list only objective per row. This may require inserting additional rows between programs.
- (e) In the column titled, "Approx. amount of money budgeted on objective that is associated with costs from program," consider the total amount budgeted for the program and what portion of that amount relates to each objective. If the agency adds up the amounts for each associated objective, it should equal the total amount budgeted for the program.
- (f) In the column titled, "Approx. amount of employee equivalents planned to be utilized on objective that are associated with the program," consider the total amount of employee equivalents the agency plans to utilize on the program and what portion of that time will related to each objective. If the agency adds up the amounts for each associated objective, it should equal the total number of employee equivalents the agency plans to utilize on the program.

General Appropriation Act Programs (2016-17)	Daily Operations Programs	Description of Program	Money Budgeted for the Program in 2016-17	Number of employee equivalents associated with the Program	Objective the Program Helps Accomplish (The agency can copy the Objective number and description from the first column of the Strategy, Objective and Responsibility Chart) List ONLY ONE strategic objective per row.	Approx. amount of money budgeted on each objective that is associated with budgeted costs from this program (if you add up the amounts for each objective it should equal the total amount spent on the program)	Approx. amount of employee equivalents planned to be utilized on each objective that are associated with this program (if you add up the amounts for each objective it should equal the total amount employee equivalents for the program)
Personnel	Asset Allocation	Apportion the portfolio's assets according to the goals, risk tolerance and investment horizon set out by the Commission	\$3,028,166	7.5	Objective 1.1.1 - Invest assets wisely, manage risk, ensure liquidity and afford flexibility to react to changing market conditions	\$3,028,166	7.5
Personnel	Manager Selection	Identification of specific investment managers with whom RSIC will place Fund assets in order to fulfill the overall asset allocation	\$3,647,988	26.75	Objective 1.2.1 - Identify specific asset managers with whom RSIC will place Fund assets in order to maximize the investment of those assets	\$3,647,988	26.75
Personnel	Operations	Ensure the efficient and effective delivery of services complimentary to the investment function to include legal, reporting, due diligence, human resources and other operational functions.	\$4,378,310	21.5	Objective 1.3.1 - Providing support to the Investment Team, provide timely and accurate and robust reporting of plan performance, remain legally compliant.	\$4,378,310	21.5
Personnel	Internal Audit	Ensure a systematic and rigorous approach to the evaluation and improvement of risk management, control and governance processes	\$455,321	2.25	Objective 1.4.1 - Systematic and disciplined approach to evaluate and improve the economy, efficiency and effectiveness of the organization's risk management, control, and governance approach.	\$455,321	2.25

Employee Allocation by Objective (2016-17)

Agency Responding	Retirement System Investment Commission
Date of Submission	8/3/2016

Disclaimer: The Committee understands the number of employee equivalents are estimates from the agency. The information is acceptable as long as the agency has a logical basis, which it can explain, as to how it reached the numbers it provided.

INSTRUCTIONS: In this Chart, please do the following:

- (a) Review the agency's strategic plan, which is provided in the chart based on the information from the agency's Restructuring Report.
- (b) In the column titled, "Number of employee equivalents working on the goal or objective in 2015-16," list the number of employees working toward each objective, by totaling the amounts from the Employee Allocation by Budget Program Chart.
- (c) The total number of employees working toward each goal should automatically sum based on the numbers you enter for the number of employees per objective.

Strategic Plan Part and Description (2016-17) <i>(i.e. Goal 1 - Insert description, Strategy 1.1 - Insert Description, Objective 1.1.1 - Insert Description)</i>	Number of physical employees working on the goal or objective in 2016-17	Number of employee equivalents working the goal or objective in 2016-17
Number of FTEs Available	51	51
Number of Temporary Non-FTEs Available	7	7
Number of Temporary Grant Non-FTEs Available	0	0
Total Number of Employees Available	58	58
Goal 1 - Prudent, legal and transparent investment of Trust Funds		
Strategy 1.1 - Construct and execute, upon Commission approval, appropriate asset allocation		
Objective 1.1.1 - Invest assets wisely, manage risk, ensure liquidity and afford flexibility to react to changing market conditions	16	7.5
Strategy 1.2 - Select investment managers based upon quantifiable analysis of performance		
Objective 1.2.1 - Identify specific asset managers with whom RSIC will place Fund assets in order to maximize the investment of those assets	36	26.75
Strategy 1.3 - Ensure the efficient and effective delivery of services complimentary to the investment function.		
Objective 1.3.1 - Providing support to the Investment Team, provide timely and accurate and robust reporting of plan performance, remain legally compliant.	25	21.5
Strategy 1.4 - Provide independent, objective assurance and recommendations designed to add value and improve RSIC performance.		
Objective 1.4.1 - Systematic and disciplined approach to evaluate and improve the economy, efficiency and effectiveness of the organization's risk management, control, and governance approach.	3	2.25

Strategic Budgeting (2016-17)

Agency Responding	Retirement System Investment Commission
Date of Submission	8/3/2016

Disclaimer: The Committee understands amount the agency budgeted and spent per goal and objective are estimates from the agency. The information is acceptable as long as the agency has a logical basis, which it can explain, as to how it reached the numbers it provided.

INSTRUCTIONS:

Part A: Funds Available in Fiscal Year 2016-17

(a) Please enter each source of funds for the agency in a separate column. Group the funding sources however is best for the agency (i.e., general appropriation programs, proviso 18.2, proviso 19.3, grant ABC, grant XYZ, Motor Vehicle User Fees, License Fines, etc.) to provide the information requested below each source (i.e., state, other or federal funding; recurring or one-time funding; etc.). The agency is not restricted by the number of columns so please delete or add as many as needed. However the agency chooses to group its funding sources, it should be clear through Part A and B, how much the agency had available to spend and where the agency spent the funds.

Part B: How Agency Plans to Budget Funds in 2016-17

(a) The agency's objectives and unrelated purposes are listed based on the information the agency provided in the Restructuring Report. The agency will see there are new rows between "objectives" and "unrelated purposes." These new rows are intended to allow the agency to list money it spent this year that was for previously committed multiple year projects. The intent of these new rows is to separate what the agency spent toward its current objectives and what it spent toward objectives and projects from previous years, which took multiple years to pay off.

(b) Please add any information needed in the new rows (i.e., "Money previously committed for multiple years") and make any revisions necessary to ensure all unrelated purposes are listed. As a reminder, an "unrelated purpose" is money the agency is legislatively directed to spend on something that is not related to an agency objective (i.e., pass through, carry forward, etc.).

(c) Remember, in each row, you need to provide the total of all the values from the different funding sources for that row.

PART A - Funds Available Fiscal Year (2016-17)

What is the source of funds? (insert as many columns as needed, just make sure to total everything in the last column)	Totals	Retirees Trust Fund
State, other or federal funding?	n/a	Other
Recurring or one-time?	n/a	One-time
\$ From Last Year Available to Spend this Year		
Amount available at end of previous fiscal year	\$2,606,858	\$2,606,858
Amount available at end of previous fiscal year that agency can actually use this fiscal year:	\$0	\$0
If the amounts in the two rows above are not the same, explain why :	n/a	No carry forward allowed
\$ Estimated to Receive this Year		
Amount <u>requested to receive</u> this fiscal year:	\$17,308,138	\$17,308,138
Amount <u>actually received</u> this fiscal year:	\$17,308,138	\$17,308,138
If the amounts in the two rows above are not the same, explain why :	n/a	Amounts are the same
Total Available if amounts requested are received		
Amount estimated to have available to spend this fiscal year (i.e. Amount available at end of previous fiscal year that agency can actually use in this fiscal year PLUS Amount requested to receive this fiscal year):	\$17,308,138	\$17,308,138

Additional Explanations regarding Part A:

Insert any additional explanations the agency would like to provide related to the information it provided above.

PART B - How Agency Plans to Budget Funds in 2016-17

What is the source of funds? (insert as many columns as needed, just make sure to total everything in the last column)	Totals	Retirees Trust Fund
State, other or federal funding?	n/a	Other
Recurring or one-time?	n/a	One-time
What are the external restrictions (from state or federal government, grant issuer, etc.), if any, on how the agency can spend the funds from this source:	n/a	Funds can only be used to fund the administrative operations costs of RSIC. No federal restrictions.
Will expenditure of funds be tracked through SCEIS? (if no, state the system through which they are recorded so the total amount of expenditures could be verified, if needed)	n/a	Yes
Total amount estimated to have available to spend	\$17,308,138	\$17,308,138
Where Agency Plans to Spend Money - Current Objectives		
Objective 1.1.1 - Invest assets wisely, manage risk, ensure liquidity and afford flexibility to react to changing market conditions	\$3,028,166	\$3,028,166
Objective 1.2.1 - Identify specific asset managers with whom RSIC will place Fund assets in order to maximize the investment of those assets	\$3,647,988	\$3,647,988
Objective 1.3.1 - Providing support to the Investment Team, provide timely and accurate and robust reporting of plan performance, remain legally compliant.	\$4,378,310	\$4,378,310
Objective 1.4.1 - Systematic and disciplined approach to evaluate and improve the economy, efficiency and effectiveness of the organization's risk management, control, and governance approach.	\$455,321	\$455,321
Total Agency Plans to Spend on Objectives:	\$11,509,786	\$11,509,786