Section 3.0 FINANCIAL AND ADMINISTRATIVE OVERSIGHT

3.8 OPERATIONAL RISK MANAGEMENT POLICY

Adopted: September 8, 2026

Purpose

LACERS operates in an increasingly complex and evolving risk environment. To maintain resiliency, transparency, and the ability to deliver promised benefits to Members and beneficiaries, LACERS is committed to an enterprise-wide approach to operational risk management.

This policy establishes foundational guidance for the LACERS Board of Administration ("Board") to ensure organizational awareness of operational risks and to support long-term sustainability.

I. Scope

This policy applies to all LACERS operational activities that may affect the system's ability to deliver promised benefits or maintain organizational resilience. This includes but is not limited to:

- Benefits Administration and Member Services
- Financial and Administrative Operations
- Investment Management
- Information Technology and Cybersecurity
- Governance and Fiduciary Oversight
- Human Resources
- Third-party and vendor management
- Strategic and Business Planning

To ensure operational resilience and effective delivery of services, the following roles and responsibilities apply across all LACERS functions:

- **Board of Administration** - Provides oversight and ensures that operational risks are visible at the governance level. Supports the development of a mature risk management program over time.

- **Executive Management** - Implements the policy and ensures staff understand operational risk expectations. Maintains internal practices for identifying, assessing, mitigating, and reporting risks.

- **Senior Management** – Guides risk-related decisions and ensures practices that reinforce operational stability.

- **All LACERS Staff** - Contribute to risk identification and mitigation within their functional areas. Follow established procedures that support operational resilience.

II. Policy Guidelines

A. Operational Risk Identification and Assessment

- LACERS General Manager shall maintain an internal framework to guide operational risk identification, assessment, and management, embedding risk awareness into all business practices.

- Executive leadership will periodically review operational risks and evaluate whether existing measures are sufficient to address them.

B. Risk Mitigation and Business Continuity Measures

- Senior management is responsible for implementing practical steps to address identified risks and supporting ongoing improvements across operations as needed.

- LACERS maintains business continuity practices to ensure essential functions can continue or resume in a timely manner in the event of disruptions.

III. Policy Review

The policy will be reviewed periodically to ensure its ongoing relevance and alignment with LACERS' operational environment.