

# DEPARTMENT OF FIRE AND POLICE PENSIONS

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## REPORT TO THE BOARD OF FIRE AND POLICE PENSION COMMISSIONERS

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**DATE:** JANUARY 21, 2021 **ITEM:** B.6

**FROM:** RAYMOND P. CIRANNA, GENERAL MANAGER

**SUBJECT:** SECOND QUARTER UPDATE OF THE 2020-21 BUSINESS PLAN AND POSSIBLE BOARD ACTION

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### RECOMMENDATION

That the Board:

1. Authorize a revision to the Business Plan for Project No. 2 – Association of Local Government Auditors (ALGA) Peer Review, to defer this Project and instruct staff to include this Project in the 2021-22 Business Plan; and,
2. Authorize a revision to the Business Plan for Project No. 7 – PARIS (Pension and Retirement Information System) Implementation, to push back its March 31, 2021 Milestone to June 30, 2021 and to complete three of ten Workflows, as reflected in the revised Business Plan.

### BACKGROUND

The 2020-21 Business Plan was approved by the Board on June 18, 2020 and includes a total of 11 projects that fall within the department's five Strategic Goals:

1. Ensure a Financially Sound Retirement System
2. Manage Risk Throughout the Organization
3. Enhance Customer Care & Stakeholder Relations
4. Pursue Operational Efficiencies
5. Build and Support a Talented Workforce

These primary goals help keep the System resources focused on the most critical areas to ensure we successfully fulfill our Mission Statement: *"To advance the health and retirement security of those who dedicate their careers and risk their lives to protect the people of Los Angeles."*

### DISCUSSION

Staff is providing the second quarter update on the status and progress of the 2020-21 Business Plan projects. The second quarter update is summarized in Attachment I, the 2020-21 Business Plan Dashboard. This attachment provides a brief overview of the projects, including the progress toward meeting the Milestones, the overall project duration, the overall project status and whether the project

is over/under budget. As presented in Attachment I, the status of the 2020-21 Business Plan through the second quarter is summarized as follows:

- Eight (8) out of the 11 projects are on schedule and within budget;
- Two (2) out of the 11 projects are at risk of falling behind schedule; and,
- One (1) out of the 11 projects is deferred for inclusion in the 2021-22 Business Plan.

## **ONGOING PROJECTS**

### Project No. 1 – Implementation of Asset Allocation

The Board adopted a new asset allocation plan on August 20, 2020. Staff has evaluated and formulated its plan for implementation and reported its recommendations to the Board on October 15, 2020 and December 17, 2020. As a result, on December 17, 2020 the Board approved two (2) searches for firms to manage the new allocation.

### Project No. 3 – Enterprise-wide Cyber Security Program

The scope of this project is to perform a comprehensive review of the Department’s cyber security program and to begin the initial implementation of an enhanced program. At this time, staff has implemented encryption hardware and dual authentication for the entire network. Staff is currently finalizing its selection of a vendor to perform a comprehensive security assessment of LAFPP’s network environment, including the current telecommuting deployment. Additionally, staff has initiated work with an outside law firm to develop an incident response procedure. From this work, staff anticipates forming an incident response team and performing a tabletop exercise to assess its effectiveness. Staff will continue these efforts over the next several months and will begin researching Cyber Liability insurance, which will include providing the Board an educational session on the subject.

### Project No. 4 – Direct Deposit for Refund of Contributions

The direct deposit functionality in PARIS for refunds of contributions was successfully reviewed and tested. Staff training has been conducted and an instructional guide was provided to staff to ensure accuracy in processing. The project is currently on schedule and within budget for final implementation by June 30, 2021.

### Project No. 5 – LAFPP Benefits Information Session

Outreach events and training seminars were cancelled due to COVID-19. However, the pandemic highlighted the need and accelerated the development of the Benefits Information sessions. While the in-person component is momentarily on hold, staff has adapted and begun offering benefits information sessions in the form of webinars ahead of schedule. Staff has developed the presentations and held 11 sessions since September, with a total of 350 members in attendance. Staff will continue to gather and incorporate any feedback received to refine the content and delivery even further.

### Project No. 6 – Rollovers via Wire Payment

In September 2020, staff began testing the PARIS functionality to process the rollover of DROP distributions via wire payments. Results indicated that one of the required fields in PARIS was not properly mapped to the file being sent to Northern Trust’s Payment Passport. Once mapping is repaired, staff will retest the functionality. In the meantime, staff was trained on how to enter rollover wire payments in PARIS to meet the milestone for December 31, 2020.

### Project No. 8 – Improvements to the Disability Claims Database

Staff has met to discuss the possible integration of a disability case management system into PARIS. The next steps will be to create a flow chart describing the logical flow of an average disability case and to identify a list of the “phases” or steps involved in processing such cases. This will provide the backbone of the “build out” for case management. A follow up meeting will then be scheduled to discuss further details.

### Project No. 9 – Pensions Division Business Process Reengineering

As of December 31, 2020, staff has analyzed business processes and provided recommendations for Medical and Dental Benefits, Active Member Services, DROP/Service Pensions, and Retirement Services Sections. Staff has also provided each of these sections with a manual covering their basic processes in PARIS. Over the remaining two quarters of the business plan, staff will develop PARIS desk manuals and recommendations for business process improvements for Disability Pensions and Communications & Education Sections. Additionally, staff will meet with Accounting Section in the fourth quarter of the fiscal year to develop recommendations to improve workflow between Pensions Division and Accounting.

### Project No. 10 – Department-wide Business Process Improvements

Based on the results of the CEM (**C**ost **E**ffective **M**asurement) Benchmarking of our administrative expenses for FY 2017-18, staff identified a total of twenty-one (21) opportunities for process improvements. Five (5) of the process improvements were completed in FY 2019-20. Ten (10) are to be studied or implemented in the current FY 2020-21 and the remaining six (6) in FY 2021-22. Through December 2020, four (4) of the process improvements for the current FY have been completed as described below.

- Online registration functionality was available for the Financial Planning Education Seminars provided and is currently being offered for the new benefits information webinars. This functionality will also be offered for the in-person benefits information presentations when they may safely resume.
- The COVID-19 pandemic accelerated not only the content development of the benefits information presentations but also to offer them virtually as webinars. Attendance at these webinars average 30 participants. Content will be refined based on member feedback, and the number of webinars scheduled will be based on attendance. Staff also recognizes best practice that suggests having smaller group webinars allows individual and personal attention, as required. In addition, staff continues to add static videos to lafpp.com, bringing the total to seven (7) videos. Combined, these resources provide members with more focused opportunities to learn about their benefits and in a variety of formats.
- Under the direction of the Ad-Hoc Committee on Disability Pensions, staff has modified the disability pension application process and implemented a Pilot Program with the goal of decreasing the length of time it takes between receiving a completed disability pension application and the Board hearing. Implementation completes the process improvement aspect of this business plan. Further updates on Pilot Program experience will be provided through the Disability Pensions Section or GM Monthly Reports.
- Two process improvements were developed in order to remove red tape where possible. The first has been completed as staff has concluded research on the costs and benefits of utilizing e-signature providers, Adobe Sign and DocuSign, as a solution for members to sign documents which have traditionally required the member to have notarized. Features such as task progress tracking and encryption are comparable for both providers. However, one provider meets a higher level of security standards and reflects it in its

significantly higher cost. The other provider, which is the City's adopted standard, offers a heavy volume discount. Staff is ready to validate application capabilities if and when required, as determined by the project to explore whether notary is legally required and offers additional protection to the system. Further updates regarding process improvements will be provided in subsequent quarterly Business Plan reports.

The remaining six (6) process improvement projects for the current FY are in progress and on schedule for completion by June 2021.

## **PROJECTS AT RISK OF FALLING BEHIND SCHEDULE**

### Project No. 7 – PARIS (Pension and Retirement Information System) Implementation

As communicated in the October 15, 2020 First Quarter Update of the 2020-21 Business Plan, staff have been re-evaluating the remaining project tasks and functionality. This assessment involved prioritizing the remaining critical processes related to the monthly pension roll as well as many other vital functions to determine when staff will be available to work on the workflows. After a comprehensive review of the project schedule in collaboration with our vendor, Avenu, management and staff have determined to only address the top three workflows in Phase 4B and complete them by June 30, 2021. The remaining seven workflows are considered low priority and will be deferred and addressed separately and independently from the PARIS Implementation project. This will allow the project team to pursue other higher priority tasks and functionality enhancements.

The completion of the top three workflows by June 30, 2021 will mark the end of Phase 4B and the overall completion of the PARIS Implementation project. As such, this formally concludes the 6-year journey of our three-phase project implementation. However, staff believes this also represents another "phase" of the Project that is inherent to any system implementation of this magnitude. This new phase acknowledges that such a system will have its share of issues and challenges that will need to be addressed over a period time as staff becomes more familiar with the system. Further, the pension administration system will continue to evolve as staff designs and implements required functionality and future enhancements to better serve our members. For example, this new phase will allow for additional, required functionality to be programmed for the changes to the DROP Plan that were effective February 1, 2019. Once this higher priority is implemented, staff will consider programming additional workflows in the following fiscal year. Additionally, the project team will continue working with Avenu to address any maintenance issues/defects and implement needed enhancements to streamline business processes and system functionality.

Applicable revisions have been made to the FY 2020-21 Business Plan as indicated in Attachment II.

### Project No. 11 – Department-wide Cross-Training Program

The COVID-19 pandemic compelled department staff and operations to take new directions including telecommuting, socially distancing and participating in the Disaster Service Worker Program. In order to help reduce staff's risk of exposure to the COVID-19 virus and comply with County Health Guidelines, staff did not pair new sets of trainers and trainees to participate in the Department-wide Cross-Training Program by the December 2020 Milestone. Further, staff anticipated this delay to last until such a time when normal staffing levels can be maintained at the LAFPP building and traditional cross-training which requires face-to-face interaction may safely resume. Thus, the project is being reported as at risk of falling behind.

However, given the Stay-at-Home order may continue through the remainder of the FY and management's intent for LAFPP staff to continue telecommuting and become a mobile workforce post-COVID, staff plans to discuss LAFPP staff proficiency in using online platforms for video and audio conferencing and the pros and cons of virtual cross-training. Additionally, staff plans to create new trainer-trainee pairings based on their work roles which already require them to work together onsite. As such, and with the continuation of section-specific training within the Retirement Services and DROP/Service Pensions Sections, it is expected this Project will be back on track for completion by June 2021.

## **DEFERRED PROJECT**

### Project No. 2 – Association of Local Government Auditors (ALGA) Peer Review

Internal Audit Section's last external ALGA peer review was completed in June 2017 for the review period April 16, 2014 through April 15, 2017. The subsequent peer review was expected to be conducted in FY 2020-21. However, due to the COVID-19 pandemic, in March 2020, the Government Accountability Office (GAO) extended the deadline for completing peer reviews. Audit organizations have 15 months after their review period to have the peer review completed. Subsequently, ALGA suspended all peer reviews for an indefinite time. As of December 2020, the suspension remains in place, but ALGA is exploring the possibility of conducting remote reviews as well as determining how delayed reviews should be addressed. Until ALGA determines if remote reviews can be implemented and how delayed reviews will be addressed, it is unknown when the peer review can be scheduled. Staff will work with ALGA to ensure the peer review is completed in accordance with GAO guidelines. At this time, it is requested that this project be deferred to next fiscal year and included in the FY 2021-22 Business Plan. Board approval of this request would also allow a one-time deviation from the Board's Governance Policies, Section 3.15(B)(i), for the Departmental Audit Manager to obtain a peer review by other auditors as required by professional standards, no less frequently than every three (3) years. Applicable revisions have been incorporated to the FY 2020-21 Business Plan as indicated in Attachment II.

## **BUDGET**

No additional funding is requested at this time.

## **POLICY**

No policy changes have been recommended.

This report was prepared by:

Elijah Hernandez, Management Assistant  
Administrative Services Section

RPC:WSR:MTS:EC:EH

Attachments: I. 2020-21 Business Plan Dashboard - Second Quarter Update  
II. 2020-21 LAFPP Business Plan

**DEPARTMENT OF FIRE AND POLICE PENSIONS  
2020-21 BUSINESS PLAN  
SECOND QUARTER UPDATE (AS OF DECEMBER 31, 2020)**

**2020-21 BUSINESS PLAN DASHBOARD**

PROJECT TITLE	Overall Project Duration	2020-21 Milestone Dates	Overall Project Schedule	Overall Project Budget
<b>Goal 1 – Ensure a Financially Sound Retirement System</b>				
1. NEW – Implementation of Asset Allocation	2020-21	●	●	●
<b>Goal 2 – Manage Risk Throughout the Organization</b>				
2. NEW – Association of Local Government Auditors (ALGA) Peer Review	Defer to 2021-22	Defer to 2021-22	Defer to 2021-22	●
3. NEW – Enterprise-wide Cyber Security Program	2020-21 2021-22	●	●	●
<b>Goal 3 – Enhance Customer Care and Stakeholder Relations</b>				
4. NEW – Direct Deposit for Refund of Contributions	2020-21	●	●	●
5. NEW – LAFPP Benefits Information Session	2020-21	●	●	●
6. NEW – Rollovers via Wire Payment	2020-21	●	●	●
7. PARIS (Pension and Retirement Information System) Implementation	2015-16 2016-17 2017-18 2018-19 2019-20 2020-21	●	●	●
<b>Goal 4 – Pursue Operational Efficiencies</b>				
8. NEW – Improvements to the Disability Claims Database	2020-21	●	●	●
9. Pensions Division Business Process Reengineering	2019-20 2020-21	●	●	●
10. Department-wide Business Process Improvements	2019-20 2020-21	●	●	●
<b>Goal 5 – Build and Support a Talented Workforce</b>				
11. NEW – Department-wide Cross-Training Program	2020-21	●	●	●

<b>Legend:</b>	●	On schedule or on budget
	●	At risk of falling behind schedule or going over budget
	●	Behind schedule/over budget
	✓	Project completed

# LAFPP

LOS ANGELES FIRE AND POLICE PENSIONS



## **2020-21 FINAL BUSINESS PLAN**

**AS SUBMITTED TO THE BOARD:  
JUNE 18, 2020**

**REVISED:  
JANUARY 21, 2021  
OCTOBER 15, 2020**





# 2020-21 FINAL BUSINESS PLAN INTRODUCTION

Los Angeles Fire and Police Pensions (LAFPP) annually prepares a Business Plan to develop projects to help successfully accomplish our goals and identify necessary allocation of resources to the most critical areas of our operations. With preparation of the Business Plan, we strive to fulfill our vision and support our mission as outlined in the 2019-21 Three-Year Strategic Plan. The Strategic Plan as approved by the Board on February 1, 2018, reaffirms LAFPP’s commitment to:

**VISION** *Be a leader and innovator in the public pension industry through an uncompromising dedication to excellence, customer service, transparency, and education.*

**MISSION** *Advance the health and retirement security of those who dedicate their careers and risk their lives to protect the people of Los Angeles.*

Our Business Plan includes eleven projects, including eight new projects and three continuing projects from last year. We believe these projects are the most critical to ensure we continue to meet the Department’s primary goals while upholding our values:

**GOALS**

- 1) Ensure a Financially Sound Retirement System
- 2) Manage Risk Throughout the Organization
- 3) Enhance Customer Care and Stakeholder Relations
- 4) Pursue Operational Efficiencies
- 5) Build and Support a Talented Workforce

**VALUES**

- Collaboration
- Respect
- Efficiency
- Accountability
- Transparency
- Ethics

Included within the projects for the 2020-21 Business Plan is the conclusion of the Pension Administration System (PAS) Project. This will mark the culmination of a multi-year effort to transition all member data and payment processing to a new system, which required significant resources. The Department next shifts its focus towards leveraging the new PAS to increase efficiencies throughout the organization and enhance the member experience.

Other projects in the 2020-21 Business Plan include: improvements to the Disability Claims Database, which will enhance metrics reporting and archive functionality for Disability Pension applications; additional member services, with the offering of direct deposit for contribution refunds and wire payments for rollovers; and an expansion of the department-wide cross training program, which will ensure our staff is knowledgeable and efficient in service delivery, while supporting continuity of operations in the face of increasing retirements.

I believe these projects will enable the Department to achieve its strategic goals and uphold its Mission. As always, I extend my gratitude to the Board and staff for their hard work and continued dedication to the members of our system.

Sincerely,

Raymond Ciranna, General Manager



# 2020-21 FINAL BUSINESS PLAN PROJECT MATRIX SUMMARY

## GOAL 1 – Ensure a Financially Sound Retirement System

### 1. **(NEW)** Implementation of Asset Allocation

Objective

To improve the risk/return profile for LAFPP's investments.

Duration

2020-21

Workload Indicator

Lead: Moderate

Participants: Moderate

## GOAL 2 – Manage Risk Throughout the Organization

### 2. **(DEFERRED)** Association of Local Government Auditors (ALGA) Peer Review

Objective

To determine whether Internal Audit Section's quality control system is suitably designed, operates effectively, and produces quality work in compliance with professional standards.

Duration

Deferred to 2021-22

Workload Indicator

Lead: High

Participants: Moderate

### 3. **(NEW)** Enterprise-wide Cyber Security Program

Objective

To develop an enterprise-wide cyber security program that will focus on all levels of the organization to improve the Department's posture and defense against cyber-attacks.

Duration

2020-21, 2021-22

Workload Indicator

Lead: Moderate

Participants: Moderate

## GOAL 3 – Enhance Customer Care and Stakeholder Relations

### 4. **(NEW)** Direct Deposit for Refund of Contributions

Objective

To improve efficiency in processing refunds of contributions by providing former members and related parties the option to direct deposit their refunds.

Duration

2020-21

Workload Indicator

Lead: Moderate

Participants: Moderate



# 2020-21 FINAL BUSINESS PLAN PROJECT MATRIX SUMMARY

## GOAL 3 – Enhance Customer Care and Stakeholder Relations

### 5. (NEW) LAFPP Benefits Information Session

Objective

To communicate the benefits offered by the Department to members in a more personalized and focused setting, as well as electronic/virtual formats.

Duration

2020-21

Workload Indicator

Lead: High



Participants: Moderate



### 6. (NEW) Rollovers via Wire Payment

Objective

To provide members and beneficiaries the option to rollover DROP Distributions via wire transfer.

Duration

2020-21

Workload Indicator

Lead: Moderate



Participants: Moderate



### 7. (CONTINUING) PARIS (Pension and Retirement Information System) Implementation

Objective

To design and implement a new Pension Administration System that will result in improved overall efficiency in the department's business operations and continued superior service to our membership.

Duration

2015-16, 2016-17, 2017-18,  
2018-19, 2019-20, 2020-21

Workload Indicator

Lead: Moderate



Participants: Moderate



## GOAL 4 – Pursue Operational Efficiencies

### 8. (NEW) Improvements to the Disability Claims Database

Objective

Pursue operational efficiencies by creating a functional and technologically up-to-date Disability Claims database that will track the status of all applications received by Disability Pensions Section and serve as an archive for all Disability Pension applications. It is desirable that the system will also be capable of generating reports for accurate reporting metrics.

Duration

2020-21

Workload Indicator

Lead: High



Participants: Moderate





# 2020-21 FINAL BUSINESS PLAN PROJECT MATRIX SUMMARY

## GOAL 4 – Pursue Operational Efficiencies

### 9. (CONTINUING) Pensions Division Business Process Reengineering

Objective

Business processes for Pensions Division will be reviewed by PASCo Section in consultation with Accounting Section and Internal Audit Section. Recommendations will be made to leverage PARIS and DocuShare to improve efficiency.

Duration

2019-20, 2020-21

Workload Indicator

Lead: High



Participants: Moderate



### 10. (CONTINUING) Department-wide Business Process Improvements

Objective

To implement operational best practices department-wide based on insights gained from the pension administration benchmarking process and results for the period ending June 30, 2018.

Duration

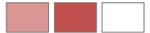
2019-20, 2020-21

Workload Indicator

Lead: Moderate



Participants: Moderate



## GOAL 5 – Build and Support a Talented Workforce

### 11. (NEW) Department-wide Cross-Training Program

Objective

To expand the cross-training pilot program basis to include the full Department and to study the results to assist in the efficient expansion of the Department Workforce Succession Plan.

Duration

2020-21

Workload Indicator

Lead: High



Participants: Moderate



# **GOAL 1 – Ensure a Financially Sound Retirement System**

## **Project 1: NEW – Implementation of Asset Allocation**

Duration: 2020-21  
 Project Lead: Tom Lopez, Chief Investment Officer, Investments Division  
 Project Participants: Investments Division Staff, Consultants, and the Board  
 Stakeholders: LAFPP Members and the Board

<b>PROJECT OBJECTIVE</b>	To improve the risk/return profile for LAFPP's investments.
<b>PROJECT HISTORY</b>	As indicated in the Board Investment Policy, Section 1.6, "The Asset Allocation Plan shall be reviewed at least once every five years." LAFPP is now due for a review in FY 2020-21. After the Board selects an Asset Allocation Plan, the next step is to develop a plan for implementation.
<b>2020-21 DELIVERABLES</b>	Implementation of a new Asset Allocation Plan, as reviewed and approved by the Board. Begin any changes to the individual asset classes as necessary and conduct any searches that are needed.
<b>2020-21 MILESTONES</b>	<p>BY SEPTEMBER 30, 2020:</p> <p>a. Evaluate and formulate plan to achieve new Asset Allocation targets.</p> <p>BY DECEMBER 31, 2020:</p> <p>a. Begin implementation of the new Asset Allocation strategy, including any necessary manager searches.</p> <p>BY MARCH 31, 2021:</p> <p>a. Schedule and hold interviews if needed for new managers.</p> <p>BY JUNE 30, 2021:</p> <p>a. Complete new Asset Allocation Plan.</p>
<b>2020-21 RESOURCES</b>	Three manager searches are provided for within the 2020-21 budget; should additional searches be required based on the Board's decisions, supplemental funds may be needed.

**GOAL 2 – Manage Risk Throughout the Organization**  
**Project 2: *NEW* – Association of Local Government Auditors**  
**(ALGA) Peer Review**  
**Deferred to 2021-22<sup>1</sup>**

Duration: 2020-21  
 Project Lead: Cynthia Varela, Manager, Internal Audit Section  
 Project Participants: Internal Audit Section and Peer Review Team  
 Stakeholders: LAFPP

PROJECT OBJECTIVE	To determine whether Internal Audit Section’s quality control system is suitably designed, operates effectively, and produces quality work in compliance with professional standards.
PROJECT HISTORY	<p>As stipulated in the Internal Audit Charter (Section 3.0 Appendix 2 of the Board’s Governance Policies), Internal Audit must conduct its auditing activities in compliance with the Professional Practices Framework of Internal Auditing (IIA Standards) and with Government Auditing Standards issued by the United States Government Accountability Office (GAO). These professional standards require audit organizations undergo independent (external) peer reviews every three to five years to assess the audit organization’s quality control system and ensure the audit activity conforms with the standards. ALGA helps coordinate external peer reviews. Peer review teams are generally comprised of three experienced professional auditors who are well versed in IIA Standards and the GAO’s Government Auditing Standards.</p> <p>Internal Audit Section’s last external ALGA peer review was completed in June 2017.</p> <p>Due to the COVID-19 Pandemic, the GAO extended the deadline for completing peer reviews. Audit organizations will have 15 months after their review period to have the peer review completed. For LAFPP, the extension period ends September 2021. As of April 21, 2020, ALGA has suspended all peer reviews for an indefinite time. Once it is safe to do so, ALGA will resume peer reviews. Internal Audit Section will work with ALGA to ensure the peer review is completed within the GAO guidelines.</p>
2020-21 DELIVERABLES	Completed peer review reports that conclude Internal Audit Section’s quality control system is effective and the auditing activities are conducted in compliance with the Professional Practices Framework of Internal Auditing and with the GAO’s Government Auditing Standards.
2020-21 MILESTONES	<p>BY MARCH 31, 2021:</p> <ol style="list-style-type: none"> <li>a. Undergo the external ALGA Peer Review and confirm results of the peer review; and</li> <li>b. Identify corrective actions that may be needed to address recommendations.</li> </ol>

<sup>1</sup> Due to the ongoing suspension of ALGA’s audits, this project has been deferred until FY 2021-22 (revised per 2<sup>nd</sup> Quarter Update).

**Project 2: *NEW* – Association of Local Government Auditors  
(ALGA) Peer Review**  
**Deferred to 2021-22**

2020-21 MILESTONES (CONT.)	BY JUNE 30, 2021: a. Report ALGA peer review results and corrective actions, if necessary, to the Board.
2020-21 RESOURCES	The peer review is estimated to cost \$8,900 for the travel and lodging costs of three non-local Peer Review Team members. Costs have been accounted for in the FY 2020-21 Proposed Budget.

## **GOAL 2 – Manage Risk Throughout the Organization**

### **Project 3: *NEW* – Enterprise-wide Cyber Security Program**

Duration: 2020-21 and 2021-22  
 Project Lead: William S. Raggio, Executive Officer  
 Administrative Operations Division  
 Project Participants: Executive Management and Systems Staff  
 Stakeholders: Board Members, LAFPP Members

<b>PROJECT OBJECTIVE</b>	To develop an enterprise-wide cyber security program that will focus on all levels of the organization to improve the Department’s posture and defense against cyber-attacks.
<b>PROJECT HISTORY</b>	<p>In March 2020 staff presented to the Board the “Cyber Security Posture for LAFPP and Our Business Partners – Update” that built upon the report provided to the Board in January 2019. Subsequently, in April 2020, Foley &amp; Lardner LLP, one of two outside counsel firms hired by the Board to provide specialized, expert advice in the areas of health law, data privacy, and data security matters, provided the Board with a “Cybersecurity Program Education” session. The Enterprise-wide Cyber Security Program will build upon this information to leverage in-house expertise, along with outside counsel as necessary, to develop a more holistic cyber security program.</p> <p>An Enterprise-wide Cyber Security Program is comprised of several elements that are actively overseen by Executive Management and reported to the Board regularly. This Program will assess several cyber security elements, including but not limited to: 1) A top down review of the existing cyber security program and procedures, 2) Follow-up work with outside counsel to implement best practices on handling member Personally Identifiable Information (PII), 3) Create an incident response team, and develop action plans, and conduct exercises, 4) Data encryption best practices, 5) Cyber liability insurance assessment, 6) Personnel policies and procedures review/revision, and 7) Employee Training review/revision.</p>
<b>2020-21 DELIVERABLES</b>	Comprehensive review and begin initial implementation of an Enterprise-wide Cyber Security Program.
<b>2020-21 MILESTONES</b>	<p><b>BY SEPTEMBER 30, 2020:</b></p> <ul style="list-style-type: none"> <li>a. Further research cyber security programs and begin holistic review of current cyber security posture.</li> </ul> <p><b>BY DECEMBER 31, 2020:</b></p> <ul style="list-style-type: none"> <li>a. Continue work with outside counsel to implement PII handling best practices;</li> <li>b. Form incident response team and begin development of incident response procedures; and</li> <li>c. Begin network-wide encryption implementation.</li> </ul> <p><b>BY MARCH 31, 2021:</b></p> <ul style="list-style-type: none"> <li>a. Complete encryption implementation and assess encryption posture; and</li> <li>b. Research cyber liability insurance and provide education and findings to the Board.</li> </ul>

## Project 3: *NEW* – Enterprise-wide Cyber Security Program

<p>2020-21 MILESTONES (CONT.)</p>	<p>JUNE 30, 2021:</p> <ul style="list-style-type: none"> <li>a. Begin cyber liability insurance procurement process, if determined to be appropriate; and</li> <li>b. Begin development of personnel policies and procedures, and additional employee training, if appropriate.</li> </ul>
<p>2020-21 RESOURCES</p>	<p>Existing staff will be utilized along with funding included in the FY 2020-21 Budget for Health &amp; Data Privacy Outside Counsel.</p>
<p>(TENTATIVE) FUTURE YEAR DELIVERABLE</p>	<p>The Future Year Deliverable(s) will be based on research and status of the Project as of June 30, 2021.</p>

## **GOAL 3 – Enhance Customer Care and Stakeholder Relations**

### **Project 4: *NEW* – Direct Deposit for Refund of Contributions**

Duration: 2020-21  
 Project Lead: Riza Mulawin, Manager, Active Member Services Section  
 Project Participants: Active Member Services Section and PASCo Section  
 Stakeholders: Former LAFPP Members and Related Parties (Ex-Spouse or Beneficiary), and LAFPP Staff

<b>PROJECT OBJECTIVE</b>	To improve efficiency in processing refunds of contributions by providing former members and related parties the option to direct deposit their refunds.
<b>PROJECT HISTORY</b>	Former members and related parties have reported previous incidents of lost or stolen checks in the mail. To replace lost or stolen checks, recipients must complete and return a notarized affidavit by a monthly deadline to meet LAFPP'S Off-Cycle check repayment date. If the notarized affidavit is not received by the deadline, it could take another month to reissue payment. The direct deposit option is already available for DROP Disbursements and monthly pension payments.
<b>2020-21 DELIVERABLES</b>	A new payment process that will reduce the risk of lost or stolen checks and provide members and related parties an expedient way of receiving their funds.
<b>2020-21 MILESTONES</b>	<p>BY SEPTEMBER 30, 2020:</p> <p>a. Review and test direct deposit functionality in PARIS with PASCo Staff.</p> <p>BY DECEMBER 31, 2020:</p> <p>a. Project Lead to provide training to Active Member Services Staff on entering direct deposit information in PARIS.</p> <p>BY MARCH 30, 2021:</p> <p>a. Revise the Refund of Contribution Form to include necessary direct deposit information;</p> <p>b. Mail revised forms to former members and related parties; and</p> <p>c. Post revised forms on LAFPP website.</p> <p>BY JUNE 30, 2021:</p> <p>a. Begin processing requests by former LAFPP members and related parties to direct deposit their refund of contributions.</p>
<b>2020-21 RESOURCES</b>	There are no anticipated costs associated with this project. Staff has processed an average of ninety-five refunds for the past two fiscal years. Potential cost savings are \$0.305 per direct deposit versus \$0.78 per check.

## **GOAL 3 – Enhance Customer Care and Stakeholder Relations**

### **Project 5: NEW – LAFPP Benefits Information Session**

Duration: 2020-21 and 2021-22  
 Project Lead: Stephen Bayutas, Management Analyst, Communications & Education Section  
 Project Participants: Active Member Services Section, DROP/Service Pensions Section, and Medical & Dental Benefits Section  
 Stakeholders: LAFPP Members, LAFPP Staff, and Executive Management

PROJECT OBJECTIVE	To communicate the benefits offered by the Department to members in a more personalized and focused setting, as well as electronic/virtual formats.
PROJECT HISTORY	<p>LAFPP currently offers its members semi-monthly off-site Financial Planning Education (FPE) seminars. These seminars typically last up to 6 hours and have an average of 70 attendees per seminar. The full session provides a full review of pension benefits, as well as, financial planning strategies for members at specific stages in their career.</p> <p>The Communications &amp; Education Staff will now develop a brief information session focused on pension benefits only. This session will provide a comprehensive overview of benefits in a smaller group size and shorter time period. It will serve as an introduction or refresher of information and allow members the time to interact with staff for specific questions and answers. This session may also serve as an introduction to the full day FPE seminar.</p> <p>A virtual seminar will also be developed so members have the option of receiving this information remotely. This will supplement the virtual Financial Planning Seminar and the Pension Information Videos that are currently in development.</p>
2020-21 DELIVERABLES	Create and schedule in-house monthly presentations focused on LAFPP pension benefits.
2020-21 MILESTONES	<p>BY DECEMBER 31, 2020:</p> <ol style="list-style-type: none"> <li>Create schedule of information sessions*;</li> <li>Draft presentation and handouts*;</li> <li>Create outline and storyboard for informational videos; and</li> <li>OPTIONAL: Research software options for a possible live virtual component.</li> </ol> <p>BY MARCH 31, 2021:</p> <ol style="list-style-type: none"> <li>Finalize presentation content and calendar*;</li> <li>Assign, train, and schedule staff designated to present*;</li> <li>Design informational videos for digital component; and</li> <li>OPTIONAL: Feedback on live virtual component.</li> </ol>

## Project 5: *NEW* – LAFPP Benefits Information Session

<p>2020-21 MILESTONES (CONT.)</p>	<p>BY JUNE 30, 2021:</p> <ul style="list-style-type: none"> <li>a. Conduct a pilot launch for presentations;</li> <li>b. Send announcements and invitations to members;</li> <li>c. Post informational videos on LAFPP website; and</li> <li>d. Conduct a survey of attendees to gain feedback for improvement.</li> </ul> <p>*Milestones and deliverables for “In-House” sessions may be impacted by future developments related to Coronavirus (COVID-19) response and local/State social distancing guidelines.</p>
<p>2020-21 RESOURCES</p>	<p>The costs associated with this project are unknown at this time. We are proposing light refreshments that may be reimbursed through petty cash. No additional staffing costs are anticipated for this project.</p>
<p>(TENTATIVE) FUTURE YEAR DELIVERABLES</p>	<p>BY SEPTEMBER 30, 2021</p> <ul style="list-style-type: none"> <li>a. Fine tune program via surveys and feedback; and</li> <li>b. Log suggested improvements.</li> </ul>

# **GOAL 3 – Enhance Customer Care and Stakeholder Relations**

## **Project 6: *NEW* – Rollovers via Wire Payment**

Duration: 2020-21  
 Project Lead: May Simmons, Manager, DROP/Service Pensions Section  
 Project Participants: DROP/Service Pensions Section, PASCo Section, and Northern Trust  
 Stakeholders: LAFPP Members and Beneficiaries, Rollover Institutions

<b>PROJECT OBJECTIVE</b>	To provide members and beneficiaries the option to rollover DROP Distributions via wire transfer.
<b>PROJECT HISTORY</b>	<p>Upon exiting DROP member currently have the option to disperse their DROP Distributions directly to themselves via check or direct deposit or, alternatively, they can elect to rollover the funds to a financial institution of their choice via check only. On average it can take between one to two weeks for a financial institution to receive and process the rollover check; during which time the member’s funds may not accrue interest depending on the recipient institution’s policies.</p> <p>Members have expressed interest in an option to rollover their DROP Distributions via wire transfer. With the new Pension Administration System (PARIS), wire transfer is an available option and is currently being used for pension payments.</p>
<b>2020-21 DELIVERABLES</b>	Wire transfers will reduce the risk of checks being lost/stolen and will be received by the recipient institutions more quickly.
<b>2020-21 MILESTONES</b>	<p><b>BY SEPTEMBER 30, 2020:</b></p> <p>a. Coordinate with PASCo Staff and Northern Trust to test the functionality of wire transfers for rollover of DROP Distributions.</p> <p><b>BY DECEMBER 31, 2020:</b></p> <p>a. Train DROP Staff in processing rollover of DROP Distributions via wire transfer.</p> <p><b>BY MARCH 31, 2021:</b></p> <p>a. Update applicable forms and communications to reflect the availability of a wire transfer option for rollover payments.</p> <p><b>BY JUNE 30, 2021:</b></p> <p>a. Post an article to the LAFPP website to inform members the availability of wire transfer option for rollover payments;          b. Implement rollover payments via wire transfers; and          c. Process wire payments for rollovers as requested by members.</p>
<b>2020-21 RESOURCES</b>	If necessary, budgeted overtime will be used for testing the functionality of wire transfers. An additional cost is associated with wire transfers and will be the responsibility of the members and/or beneficiaries.

## **GOAL 3 – Enhance Customer Care and Stakeholder Relations**

### **Project 7: CONTINUING - PARIS (Pension and Retirement Information System) Implementation**

Duration: 2015-16, 2016-17, 2017-18, 2018-19, 2019-20, and 2020-21  
 Project Lead: Alfred Domagat, Sr. Systems Analyst II, Systems Section  
 Project Participants: LAFPP Staff, Consultants, and Northern Trust  
 Stakeholders: LAFPP Staff and Management, and LAFPP Members and Beneficiaries

PROJECT OBJECTIVE	To design and implement a new Pension Administration System that will result in improved overall efficiency in the department's business operations and continued superior service to our membership.
PROJECT HISTORY	<p>The Request for Proposal (RFP) to replace the current Pension Administration System was released in July 2014 with several bids received in October 2014. The Evaluation Team reviewed the bids and selected Xerox (now assigned to Avenu Insights and Analytics, LLC) as the top-ranking vendor with the lowest cost. The Board awarded the contract to Avenu on May 21, 2015 and implementation of the project began in July 2015. The new system that is being developed was later named PARIS (Pension and Retirement Information System).</p> <p>Since fiscal year 2015, staff has worked with the Avenu team to setup the hosting environment, confirm and document the various specifications, and test/validate delivered functionality, including critical reports and correspondences. After a thorough User Acceptance Testing (UAT) and a two-month "parallel testing" period, PARIS went live with Phase 4A - Core Pension Functionality on January 9, 2019. This allowed the project team to focus on the next phase of the project, Phase 4C - Member Web Functionality, which went live on May 16, 2019.</p> <p>Fiscal Year 2020-21 will serve as the final year of project implementation as staff completes the last phase of the project, Phase 4B - DocuShare and Workflow Integration.</p>
2020-21 DELIVERABLES	<ul style="list-style-type: none"> <li>a. Configure and deliver for testing additional system functionality for DocuShare and Workflow integration; and</li> <li>b. Ongoing data cleansing.</li> </ul>
2020-21 MILESTONES <sup>2</sup>	<p><del>BY MARCH 31, 2021:</del>  <del>Delivery, testing, and implementation of additional system functionality for DocuShare (Phase 4B).</del></p> <p><del>TBD</del> <u>JUNE 30, 2021:</u>      Delivery, testing, and integration of <del>remaining</del> <u>three of ten</u> Workflows.</p>

<sup>2</sup> Original milestone date of March 31, 2021 was extended pending a comprehensive review of the project schedule by staff in collaboration with the vendor. Staff will report back to the Board with a revised completion date (revised per 1<sup>st</sup> Quarter Update). Original milestone date of March 31, 2021 was extended to June 30, 2021 (revised per 2<sup>nd</sup> Quarter Update).

## **Project 7: CONTINUING - PARIS (Pension and Retirement Information System) Implementation**

<p>2020-21 RESOURCES</p>	<p>On May 21, 2015, the Board approved an amount not-to-exceed \$9.02 million to implement a new Pension Administration System (PAS) (3 years) and provide post-implementation services (5 years) by Avenu. The Board also approved LRWL, Inc. to provide oversight project management and quality assurance services for an amount not to exceed \$1.16 million.</p> <p>The 2020-21 Final Budget includes \$504,983 in contractual costs for the PARIS Project. All staff resources, including two resolution positions, have been budgeted through the salary account.</p>
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## **GOAL 4 – Pursue Operational Efficiencies**

### **Project 8: *NEW* – Improvements to the Disability Claims Database**

Duration: 2020-21  
 Project Lead: Kristen Rosauer, Manager, Disability Pensions Section  
 Project Participants: Disability Pensions Section, Systems Section, and PASCo Section  
 Stakeholders: LAFPP Members, Disability Pensions Section, and Executive Management

<b>PROJECT OBJECTIVE</b>	Pursue operational efficiencies by creating a functional and technologically up-to-date Disability Claims database that will track the status of all applications received by Disability Pensions Section and serve as an archive for all Disability Pension applications. It is desirable that the system will also be capable of generating reports for accurate reporting metrics.
<b>PROJECT HISTORY</b>	<p>Application processing for Disability Pensions Section has historically been tracked by an Access database, the Disability Pension Claims Database. This database has been in use for many years and contains all data on Disability applicants from 1997 to present.</p> <p>Although the database serves a purpose for basic data retrieval and generates some reports, it is unable to archive surveillance video and does not incorporate chronological working log notes. Working log notes for closed cases are not stored with documents accompanying the application.</p> <p>Due to the amount of data present in this program, there are concerns that unless this information is backed up on a continuous basis, member information may be lost if the system fails.</p>
<b>2020-21 DELIVERABLES</b>	It is expected that the identified system will provide a centralized archive for all Disability case information as well as a report generating program that will provide accurate, real time metrics.
<b>2020-21 MILESTONES</b>	<p><b>BY SEPTEMBER 30, 2020:</b></p> <ul style="list-style-type: none"> <li>a. Complete an analysis of the current Disability Pension Claims Database;</li> <li>b. Identify gaps and areas for improvement; and</li> <li>c. Identify reports which are obsolete and any new reports that the system will need to generate.</li> </ul> <p><b>BY DECEMBER 31, 2020:</b></p> <ul style="list-style-type: none"> <li>a. Disability Pensions Section, Systems Section, and PASCo Section will meet to discuss the functionality and limitations of PARIS for Disability's purposes.</li> </ul>

## Project 8: *NEW* – Improvements to the Disability Claims Database

<p><b>2020-21 MILESTONES (CONT.)</b></p>	<p>BY MARCH 31, 2021:</p> <ul style="list-style-type: none"> <li>a. Outline what may be implemented in PARIS;</li> <li>b. Determine if PARIS will be able to meet needs of a Disability archiving system;</li> <li>c. Research how other pension systems archive Disability data and compare against PARIS;</li> <li>d. Determine if a separate program or outside technology would serve purposes better; and</li> <li>e. Research other methods of archiving (software programs, etc).</li> </ul> <p>BY JUNE 30, 2021:</p> <ul style="list-style-type: none"> <li>a. Make final determination as to if PARIS will be able to function as an archive for Disability Case information, or if outside resources should be used;</li> <li>b. If PARIS will be used, develop implementation plan and outline for data migration and functional menus; and</li> <li>c. If PARIS will be used, develop schedule for transfer of data and testing modules with input from Systems Staff and PASCo Staff.</li> </ul>
<p><b>2020-21 RESOURCES</b></p>	<p>There is no additional funding or staffing requested for this project.</p>

## **GOAL 4 – Pursue Operational Efficiencies**

### **Project 9: CONTINUING – Pensions Division Business Process Reengineering**

Duration: 2019-20 and 2020-21  
 Project Lead: Anthony Torres, Manager, PASCo Section  
 Project Participants: Pensions Division, Accounting Section, and Internal Audit Section  
 Stakeholders: Executive Management, Pensions Division, and Accounting Section

<b>PROJECT OBJECTIVE</b>	Business processes for Pensions Division will be reviewed by PASCo Section in consultation with Accounting Section and Internal Audit Section. Recommendations will be made to leverage PARIS and DocuShare to improve efficiency.
<b>PROJECT HISTORY</b>	<p>This project is an outgrowth of implementation of PARIS and DocuShare. The workload involved with conversion and testing activities has not left staff with much time to reevaluate their business processes to make the most of PARIS and DocuShare.</p> <p>Due to continuing development work on PARIS in fiscal year 2019-20, the project was extended to June 30, 2021 to allow for a one-quarter review per section. A total of six milestones will be delivered over the two-year duration.</p>
<b>2020-21 DELIVERABLES</b>	Process improvement recommendations and manuals for Pensions Division with respect to payment of member benefits. Proposals for further PARIS enhancements.
<b>2020-21 MILESTONES</b>	<p><b>BY SEPTEMBER 30, 2020:</b></p> <p>a. Business process review completed, recommendations made, and process manuals developed for one Section in Pensions Division.</p> <p><b>BY DECEMBER 31, 2020:</b></p> <p>a. Business process review completed, recommendations made, and process manuals developed for one Section in Pensions Division.</p> <p><b>BY MARCH 31, 2021:</b></p> <p>a. Business process review completed, recommendations made, and process manuals developed for one Section in Pensions Division.</p> <p><b>BY JUNE 30, 2021:</b></p> <p>a. Business process review completed, recommendations made, and process manuals developed for one Section in Pensions Division.</p> <p>b. Recommendations made for handoffs between Pensions Division and Accounting Section.</p>
<b>2020-21 RESOURCES</b>	There are no additional funding or staffing requests associated with this project.

## **GOAL 4 – Pursue Operational Efficiencies**

### **Project 10: CONTINUING – Department-wide Business Process Improvements**

Duration: 2019-20 and 2020-21  
 Project Lead: Myo Thedar, Chief Benefits Analyst  
 Administrative Operations Division  
 Project Participants: Administrative Operations and Pensions Divisions  
 Stakeholders: LAFPP Staff and LAFPP Members

<b>PROJECT OBJECTIVE</b>	To implement operational best practices department-wide based on insights gained from the pension administration benchmarking process and results for the period ending June 30, 2018.
<b>PROJECT HISTORY<sup>3</sup></b>	<p>In June 2019, CEM Benchmarking presented to the LAFPP Board results of the pension administration benchmarking for the period ending June 2018. (FY 2019 Business Plan Project No.7)</p> <p>Based on these results, the LAFPP Board instructed staff to research and implement operational best practices and perform a follow-up CEM Benchmarking survey in three years to measure changes in departmental operations. (FY 2020 Business Plan Project No. 9)</p> <p>To that end, staff researched the benchmarking results in 12 service metrics and prioritized a total of 21 opportunities for process improvements via the Business Process Improvement matrix. The matrix is intended to track the disposition of the opportunities as short-term and long-term projects. To summarize, there were five (5) implemented FY 2020; ten (10) to be implemented FY 2021; and six (6) requiring further research for implementation in future fiscal years.</p>
<b>2020-21 DELIVERABLES<sup>3</sup></b>	Implementation of the ten (10) projects that have been identified on the Business Process Improvement matrix as short-term projects for completion in FY 2021.
<b>2020-21 MILESTONES</b>	<p>JUNE 30, 2021:</p> <p>a. Report the final implementation status of the projects via the FY 2020-21 Business Plan – 4<sup>th</sup> Quarter Report.</p>
<b>2020-21 RESOURCES</b>	There is no funding request associated with the tracking of the projects. Funding for each project, if necessary, has been requested in the FY 2020-21 Budget. Existing staff will be utilized to manage and coordinate the projects.
<b>(TENTATIVE) FUTURE YEAR DELIVERABLES</b>	It is anticipated the pension administration benchmarking for the period ending FY 2021 will take place in FY 2022. At that time, staff will report on research into the long-term projects that required further research.

<sup>3</sup> The 2020-21 Business Plan, as adopted by the Board on June 18, 2020, contained an error in the number of short-term opportunities. The number has been revised as a technical correction to the Project History and 2020-21 Deliverables.

## **GOAL 5 – Build and Support a Talented Workforce**

### **Project 11: NEW – Department-wide Cross-Training Program**

Duration: 2020-21  
 Project Lead: James Schiffhauer, Department Personnel Officer, Human Resources  
 Project Participants: All Sections  
 Stakeholders: LAFPP Staff and Executive Management

<b>PROJECT OBJECTIVE</b>	To expand the cross-training pilot program on a permanent basis and Department-wide and to study the results to assist in the efficient expansion of the Department workforce succession plan.
<b>PROJECT HISTORY</b>	<p>This project is an expansion of the 2019-20 Business Plan Workforce Succession Planning project with a new focus on developing and implementing a cross-training program for all LAFPP employees. A cross-training team was established and met several times throughout 2019-20. The team established a goal to cross train two employees across two sections over a span of three months to prepare employees for promotional opportunities and gain valuable pensions-related experience.</p> <p>The team met and selected the two trainer-trainee pairs: one cross-training team within the same section and one cross-training team within different sections. The program is running successfully.</p> <p>LAFPP now plans on expanding the cross-training program department-wide and will be coordinating with Retirement Services Section and DROP/Service Pensions Section to develop section-specific cross-training programs.</p>
<b>2020-21 DELIVERABLES</b>	To develop and implement department-wide cross-training program.
<b>2020-21 MILESTONES</b>	<p>BY DECEMBER 31, 2020:</p> <ul style="list-style-type: none"> <li>a. Identify sections/positions and number of pairs to participate in the department-wide cross-training program;</li> <li>b. Complete orientation of new trainers and trainees for the program; and</li> <li>c. Begin new set of cross-training pairs.</li> </ul> <p>BY JUNE 30, 2021:</p> <ul style="list-style-type: none"> <li>a. Assess the success of the department-wide cross-training program and make any necessary adjustments to program; and</li> <li>b. Consider expanding number of pairs and continuing department-wide cross-training program.</li> </ul>
<b>2020-21 RESOURCES</b>	There are no additional funding or staffing requests associated with this project.