



Risk and Audit Committee Agenda Item 4f

November 15, 2016

Item Name: Quarterly Status Report - Enterprise Compliance

Program: Enterprise Compliance

Item Type: Information Consent

Executive Summary

Enclosed is the Quarterly Enterprise Compliance Activity Report for the period of July 1, 2016 through September 30, 2016. Highlights of the report are as follows:

CalPERS Conflict of Interest Code: Compliance staff have enhanced the communications and outreach to Form 700 filers that are Assuming Office and Leaving Office in an effort to reduce the number of past due filers. The number of past due Assuming Office filers continues to remain low (zero this quarter) and there has been a decrease in past due Leaving Office filers (one this quarter) since undertaking these efforts.

Mandated Training: Compliance staff have been partnering with Human Resources and CalPERS management to increase the mandatory training completion rate to 99.7%. Next steps are to work with training content owners to enhance their outreach and communication efforts.

Policy Management: Compliance staff continue to educate and collaborate with program areas to develop policies consistent with delegated authority and policy standards. Enhanced reporting is underway, which will be included in the next quarterly report.

Personal Trading Regulation: Compliance staff have decreased the number of manual statements provided by Covered Persons by adding additional automated brokerage feeds consistent with where Covered Persons hold Covered Accounts. Additionally, staff have strengthened the review and communication of potential personal trading exceptions. This has resulted in a significant decrease in the number of potential and actual violations seen over the past year.

Strategic Plan

This item supports CalPERS Strategic Plan Goal B: *Cultivate a high-performing, risk-intelligent, and innovative organization* and the 2015-17 Business Plan initiative:

Enhance Internal Controls – Develop and implement enhanced internal controls that improve compliance and reduce operational risks.

By providing effective compliance monitoring and oversight, Enterprise Compliance assists in mitigating compliance risks throughout the organization.

Background

CalPERS Compliance program promotes a culture of continuous improvement that seeks to detect, correct and prevent potential instances of noncompliance and achieve high ethical and compliance standards.

The Enterprise Compliance Division reports compliance related information each quarter to the Risk and Audit Committee in order to fulfill their oversight role in program and policy compliance.

As part of the Enterprise Compliance plan, staff continues to modify the report information to include compliance monitoring activities. As staff continues to improve their compliance monitoring and oversight role, they will continue to expand upon the Risk and Audit Committee reporting information.

Budget and Fiscal Impacts

Not Applicable.

Attachments

Attachment 1 - Quarterly Enterprise Compliance Activity Report – First Quarter FY 2016-17

MARLENE TIMBERLAKE D'ADAMO

Chief Compliance Officer
Enterprise Compliance Division

CHERYL EASON

Chief Financial Officer