

Quarterly Enterprise Compliance Activity Report

First Quarter FY 2016-17

Purpose

To provide the Risk and Audit Committee with compliance activity information in order to fulfill their role of overseeing and monitoring enterprise program and policy compliance.

Summary

Slide	Functional Area	Description	Results in Brief
3	Conflict of Interest Code - Assuming/Leaving Office Statements	<ul style="list-style-type: none"> Report on the filing status of Statements of Economic Interests - Form 700 mandated to be filed upon assuming or leaving office by CalPERS Conflict of Interest Code 	<ul style="list-style-type: none"> 1 Past Due AO/LO Statements 34 AOs filed 13 LOs filed
4	Mandated Training	<ul style="list-style-type: none"> Reporting of past due certifications/trainings mandated by law, policy, or regulation 	<ul style="list-style-type: none"> 99.7% completion rate for all mandated training as of September 30, 2016
5 – 6	Policy Management	<ul style="list-style-type: none"> New and amended policies reviewed and approved by ECOM 	<ul style="list-style-type: none"> 24 reviewed 22 pending review
7 – 9	Personal Trading	<ul style="list-style-type: none"> Transactions and exceptions to CalPERS Personal Trading Regulations captured within Schwab Compliance Technologies 	<ul style="list-style-type: none"> 6,733 total transactions 8 exceptions identified

Conflict of Interest Code – Form 700 Staff Filings

Assuming / Leaving Office Statements Form 700 Staff Filings Status (Excluding consultants and Board)			
Certifications	Required By	# Past Due	# Filed
Form 700 Assuming Office	• Government Code § 18722	0	34
Form 700 Leaving Office	• Government Code § 18722	1	13

ECOM Observations:

- Assuming Office and Leaving Office statements are due within 30 days of assuming or leaving office. Statements are considered past due if they are not filed within this timeframe.
- A 1st Non-Filer Notification has been sent to the past due filer who is no longer with CalPERS. ECOM has undertaken a review of the notification process to increase efficiencies and avoid late filing.
- Following the notification process, five past due filers were referred to the Fair Political Practices Commission (FPPC) for failing to file their leaving office statements.
- Posted Form 700s can be viewed at the following link: [CalPERS Transparency and Accountability](#).

Mandated Training

Due Date	Training	Required By	# of Staff Past Due (as of 9/30/2016)
12/31 (Biennial)	Sexual Harassment Prevention Training (Managers & Supervisors)	<ul style="list-style-type: none"> Government Code § 19995.4(b) AB 2053 	0
12/31 (Biennial)	Sexual Harassment Prevention Training (Staff)	<ul style="list-style-type: none"> Government Code § 19995.4(b) AB 2054 	0
12/31 (Biennial)	Workplace Violence Prevention	<ul style="list-style-type: none"> Workplace Violence Prevention Policy 	0
06/30 (Annual)	Health Insurance Portability and Accountability Act	<ul style="list-style-type: none"> HIPAA Staff Training Policy 	9
06/30 (Annual)	Information Security Awareness	<ul style="list-style-type: none"> Awareness and Training Policy 	9
06/30 (Annual)	Working Values: Ethical Decision Making	<ul style="list-style-type: none"> Management Initiative 	11
Varies	CalPERS Ethics Training for Form 700/FPPC Filers	<ul style="list-style-type: none"> Government Code § 11146.1 	0
Varies	CalPERS Contracting Process: Delegated Authority (Executives & Division Chiefs)	<ul style="list-style-type: none"> CalPERS Board of Administration Contract Activity Reporting Policy 	2

ECOM Observations:

- Health Insurance Portability and Accountability Act, Information Security Awareness, and Working Values mandated training were due by June 30, 2016 at which time 99.3% of staff had completed these trainings. As of September 30, 2016, 99.7%* have been completed. ECOM has commenced communications with Division leaders to bring this completion rate to 100%.

*Note: The completion rate reflects changes in staff leave statuses over the reporting periods.

Policy Management

Type	Status	Policy Title	Policy Category
New	In Progress	Asset Liability Management Policy	Board-Approved
New	In Progress	Compliance Policy	Board-Approved
New	In Progress	Discrimination Prevention Policy	Staff
New	In Progress	Enterprise Public Agency Contract Termination Policy	Board-Approved
New	In Progress	External Outreach and Communications Policy	Staff
New	In Progress	HIPAA Policy	Staff
New	In Progress	Public Records Policy	Staff
New	In Progress	Warrant Inclusion Policy	Board-Approved
Revised	In Progress	Actuarial Contribution Allocation Policy	Board-Approved
Revised	In Progress	Board Discharge of Accountability Policy and Resolution	Board
Revised	In Progress	Board Employer Reimbursement Policy	Board
Revised	In Progress	CalPERS Captioning Policy	Staff
Revised	In Progress	CalPERS External Social Media Policy	Staff
Revised	In Progress	CalPERS External Website Policy	Staff
Revised	In Progress	CalPERS Internal Communication Policy	Staff
Revised	In Progress	CalPERS Internal Social Media Policy	Staff
Revised	In Progress	Ethical Decision-Making Policy	Board-Approved
Revised	In Progress	Exit Clearance Policy	Staff
Revised	In Progress	IT Hardware Refresh Policy	Staff
Revised	In Progress	Material Non-Public Information Policy	Board-Approved
Revised	In Progress	Risk Intelligent Enterprise Management Policy	Board-Approved
Revised	In Progress	Travel Policy	Staff
Revised	In Progress	Video Usage Policy	Staff
Revised	In Progress	Web Accessibility Policy	Staff

Policy Categories

Board Policy: Governs the Board

Board-Approved Policy: Per delegation of authority, requires Board review or approval

Staff Policy: Affects staff or program administration and requires Executive and/or Chief approval

Policy Management – (Continued)

Type	Status	Policy Title	Policy Category
Not Applicable	Rescinded	Form 700 and Travel Transparency Policy	Board-Approved
New	Approved	CalPERS Board of Administration Contract Activity Reporting Policy	Board-Approved
New	Approved	Actuarial Assumptions Policy	Board-Approved

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Project Implementation Activities:

- Beginning June 1, 2016, all policies uploaded online were required to meet the new policy framework requirements. Staff educated program areas about the new policy governance and publishing requirements. Additionally, staff also conducted trainings to policy authors and approvers.

Personal Trade Monitoring – Personal Trading Regulation Affirmations

Initial Personal Trading Affirmation	
Initial Personal Trading Affirmation Distributed Q1 FY 16-17	26
Past Due	1
> 30 Days Past Due	0

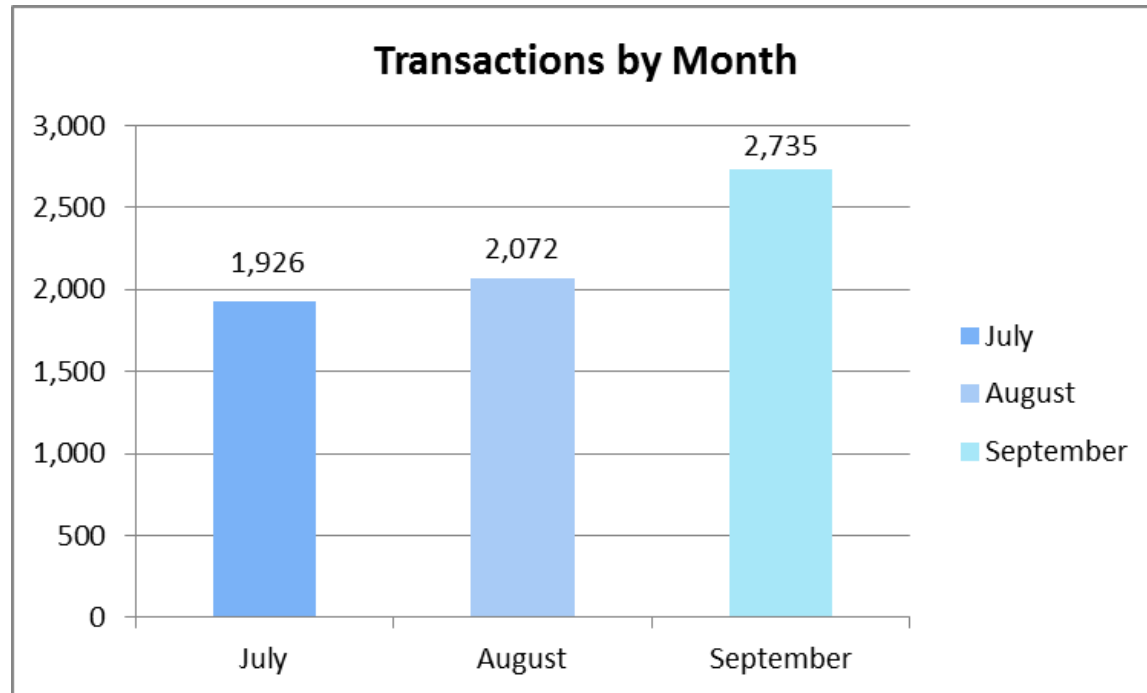
Quarterly Transaction Affirmation	
Transaction Affirmation Distributed Q1 FY 16-17	52
Past Due	0
> 30 Days Past Due	0

ECOM Observations:

- During the First Quarter of FY 16-17, 26 Initial Personal Trading Affirmations were distributed to new employees. All are currently complete, however one was submitted late on October 6, 2016.
- Quarterly Transaction Affirmations were distributed to 52 Covered Persons with “Paper Statement” accounts in July and were due July 31, 2016. All are complete, however nine were submitted late.

Personal Trade Monitoring – Transactions

Personal Trading Transactions – Q1 FY 16-17	
Total # of Transactions	6,733

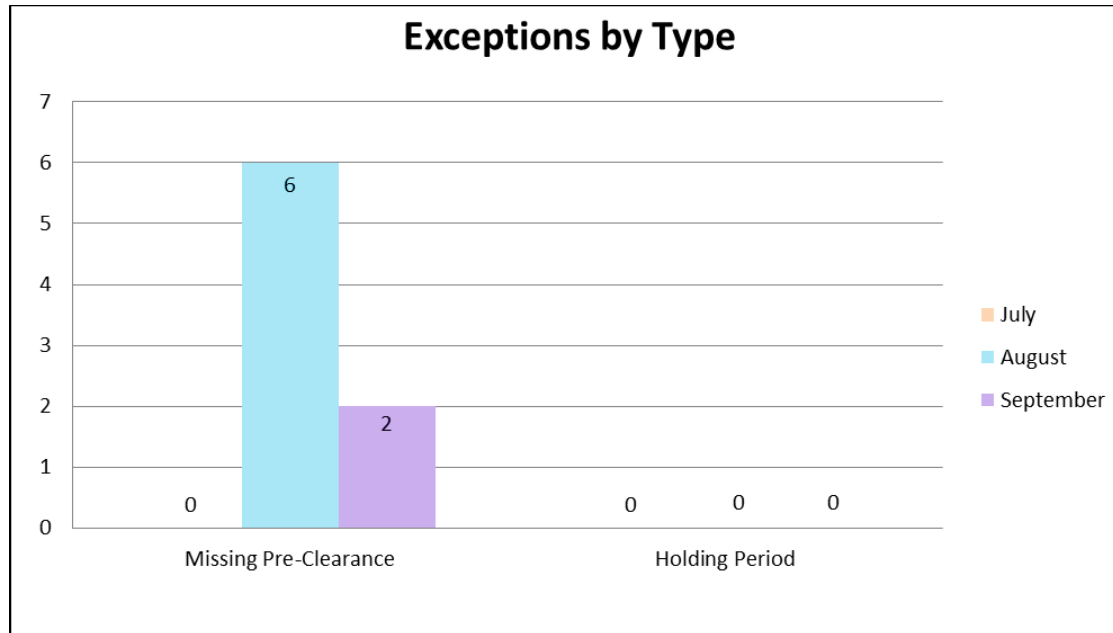


ECOM Observations:

- "Total Transactions" includes transactions in non-Covered Securities occurring in Covered Accounts (e.g., cash, open-ended mutual funds, etc.). Transactions for Covered Persons with accounts in non-Designated Brokerages are also not reflected.

Personal Trade Monitoring – Exceptions

Personal Trading Exceptions – Q1 FY 16-17	
Total # of Exceptions	8



Missing Pre-Clearance: Covered Persons are required to obtain pre-clearance approval before the purchase, sale or transfer of Covered Securities is executed in a Covered Account, unless the transaction is exempt from the requirement of pre-clearance.

Holding Period: The 30 calendar day period between the acquisition and sale, and the 30 calendar day period between sale and re-acquisition, of a Covered Security.

ECOM Observations:

- ECOM will continue to provide education and training on the Personal Trading Regulations.