



## Risk and Audit Committee Agenda Item 4f

November 14, 2017

**Item Name:** Quarterly Status Report - Enterprise Compliance Activity

**Program:** Enterprise Compliance

**Item Type:** Information Consent

### **Executive Summary**

Enclosed is the Quarterly Status Report on CalPERS Compliance Activity for the period of July 1, 2017 through September 30, 2017. As part of the Enterprise Compliance plan, the team continues to improve their compliance monitoring and oversight capabilities and expand upon the Risk and Audit Committee reporting information. New this quarter, the report has been updated to include additional trend analysis and new charts.

### **Strategic Plan**

This item supports the CalPERS 2017-22 Strategic Plan Goal: *Cultivate a risk-intelligent organization* and the strategic objective of providing enhanced compliance and risk functions throughout the enterprise.

### **Background**

CalPERS Compliance program promotes continuous improvement in our ability to achieve high ethical and compliance standards, detect, correct and prevent potential instances of noncompliance, and improve reporting.

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

### **Analysis**

The team has provided key observations regarding the Statement of Economic Interests (Form 700), Personal Trade Monitoring, Investment Compliance Monitoring, and Ethics Helpline. A summary of the analysis is provided below, and additional information can be found in Attachment 1.

#### *CalPERS Statement of Economic Interests – Form 700: Board and Employee*

At the end of First Quarter FY 2017-18, one Form 700 filer was past due and referred for failing to file both Annual and Leaving Office filings. There were 57 total Annual, Assuming Office and Leaving Office statements filed during First Quarter FY 2017-18.

#### *CalPERS Statement of Economic Interest – Form 700: Consultant*

At the end of First Quarter FY 2017-18, there are 62 past due consultant filers with none referred. Courtesy notices were sent out in August and September to outstanding filers.

### *Personal Trade Monitoring*

There were 18 Personal Trading Regulations violations during First Quarter FY 2017-18, 10 were Missing Pre-Clearance which has consistently been the majority of violations. Four were Blackout Period violations, a newly reported violation type this quarter.

There were 43 Initial Personal Trading Affirmations due, with one affirmation submitted late and none outstanding at the close of the reporting period. There were 48 Quarterly Transaction Affirmations due on August 2, 2017, with four affirmations submitted late and none outstanding at the close of the reporting period.

### *Investment Compliance Monitoring*

During the First Quarter FY 2017-18, there were no new policy exceptions and five existing exceptions from previous quarters.

### *Ethics Helpline*

The overall volume of ethics related complaints received during the reporting period was in line with recent trends. The majority of complaints received through the Ethics Helpline involve Retirement Benefits Fraud or Abuse (RBFA). This has been the trend since the inception of Ethics Helpline reporting.

During the First Quarter FY 2017-18, 64% of the reported claims fell into the RBFA category. There were 21 closed substantiated and 32 closed unsubstantiated complaints during the First Quarter FY 2017-18.

### **Budget and Fiscal Impacts**

Not Applicable.

### **Benefits and Risks**

Not Applicable.

### **Attachments**

Attachment 1:

Quarterly Status Report – CalPERS Compliance Activity – First Quarter FY 2017-18

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Deputy Chief Compliance Officer

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### **Marlene Timberlake D'Adamo**

Chief Compliance Officer