



Risk and Audit Committee Agenda Item 5f

February 12, 2018

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 October 1, 2017 through December 31, 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.

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 Second Quarter FY 2017-18, two Form 700 statements were past due. There were 42 total Annual, Assuming Office, and Leaving Office Statements filed during Second Quarter FY 2017-18.

CalPERS Statement of Economic Interest – Form 700: Consultant

At the end of Second Quarter FY 2017-18, there were 37 past due consultant statements. There were 29 total Annual, Assuming Office and Leaving Office Statements filed during Second Quarter FY 2017-18.

Mandated Training

At the close of the Second Quarter FY 2017-18, 98.6% of all team members completed mandatory training. Training due December 2017 included Workplace Violence Prevention, Harassment Prevention for Employees, Harassment Prevention for Supervisors, Harassment Prevention Policy, and Ethics Training Course for Form 700 Filers. Management will continue to

monitor the completion of mandated training and subsequent updates will be provided through this report.

Personal Trade Monitoring

There were 14 Personal Trading Regulations violations during Second Quarter FY 2017-18. Out of the total violations, 13 were Missing Pre-Clearance which has consistently been the majority of violations.

There were 22 Initial Personal Trading Affirmations due. No Initial Personal Trading affirmations were submitted late and none were outstanding at the close of the reporting period. There were 42 Quarterly Transaction Affirmations due on November 1, 2017, with one affirmation submitted late and none outstanding at the close of the reporting period.

Investment Compliance Monitoring

During Second Quarter FY 2017-18, there were no new policy exceptions and four 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 during the Second Quarter FY 2017-18 involved Retirement Benefits Fraud or Abuse (RBFA). This has been the trend since the inception of Ethics Helpline reporting.

During Second Quarter FY 2017-18, 65% of the reported claims fell into the RBFA category. There were 4 closed substantiated complaints and 24 closed unsubstantiated complaints during the reporting period.

Budget and Fiscal Impacts

Not Applicable.

Benefits and Risks

Not Applicable.

Attachment

Attachment 1:

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

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