

February 12, 2018

Item Name: Enterprise Compliance 2017-18 Mid-Year Plan Update

Program: Enterprise Compliance

Item Type: Information

Executive Summary

This agenda item provides an update on the Enterprise Compliance 2017-18 Mid-Year Plan, including key accomplishments and upcoming priorities.

Strategic Plan

This item supports CalPERS FY 2017-22 Strategic Plan, *Cultivate a Risk-Intelligent Organization and the 2017-18 Business Plan initiative, Increase Enterprise-Wide Risk Awareness*. By providing effective compliance monitoring and oversight, Enterprise Compliance assists in mitigating compliance risks throughout the organization.

Background

On June 20, 2017, the Risk and Audit Committee approved the FY 2017-18 Enterprise Compliance Plan (Plan). The Plan was refreshed to expand on protocols and processes for operational controls, policy management, and reporting standards. In addition, the plan continues to develop compliance principles, standards, and a strong ethical culture.

Analysis

This semi-annual Compliance Plan report provides an update on the initiatives and accomplishments through December 31, 2017. Highlights include:

- Conducted a review of CalPERS Conflict of Interest Code and enhanced reporting and outreach to all Form 700 filers
- Standardized the tracking and reporting of all Ethics Helpline cases and transitioned to online tracking/reporting through the EthicsPoint case management system
- Developed a framework to ensure Board Committee reporting complies with Committee delegations of authority
- Conducted targeted compliance reviews and compliance monitoring
- Developed a framework to track legislative change implementation
- Clarified roles and responsibilities for new Financial Office and Health Policy and Benefits Branch compliance liaisons
- Hosted Second Annual National Compliance and Ethics Week 2017, including a panel discussion on Ethical Leadership for managers and a compliance program open-house

An outline of the key accomplishments and status of the Compliance Plan are included in Attachment 1.

Budget and Fiscal Impacts

Not Applicable

Benefits and Risks

The purpose of the Enterprise Compliance Plan is to ensure that CalPERS strives to maintain compliance with the letter and spirit of all applicable laws, regulations and policies in partnership with program areas.

Benefits of implementing the plan include the following:

- Coordinated compliance effort enhances the controls and monitoring for adherence to policies and procedures
- Creates clarity in compliance roles, responsibilities, and expectations
- Enhances internal controls and compliance effectiveness

Risks associated with failure to implement the plan include the following:

- Allowing failures of policies, procedures and laws to remain undetected

Attachments

Attachment 1 – Enterprise Compliance 2017-18 Mid-Year Plan Update

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