



Risk and Audit Committee Agenda Item 5f

June 20, 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 January 1, 2018 through March 31, 2018. 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.

Board and Employee Form 700 Filings

At the end of Third Quarter FY 2017-18, there was one outstanding Form 700 statement. There were 889 total Annual, Assuming Office, and Leaving Office Statements filed during Third Quarter FY 2017-18.

Consultant Form 700 Filings

At the end of Third Quarter FY 2017-18, there were six outstanding consultant statements. There were 221 total Annual, Assuming Office, and Leaving Office Statements filed during Third Quarter FY 2017-18.

Form 700: Statements Submitted Timely

For the 2017 Annual Statements, 99.1% of Board and Employee Statements were submitted timely and 99.5% of Consultant statements were submitted timely. This increase in consultant timely submitted Annual Statements is a result of enhancements to outreach efforts.

Personal Trade Monitoring

There were 17 Personal Trading Regulations violations during Third Quarter FY 2017-18. Out of the total violations, 14 were Missing Pre-Clearance, which has consistently been the majority of violations.

There were 30 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 46 Quarterly Transaction Affirmations due on February 2, 2018, with one affirmation submitted late and none outstanding at the close of the reporting period.

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 Third Quarter FY 2017-18 involved Retirement Benefits Fraud or Abuse (RBFA). This has been the trend since the inception of Ethics Helpline reporting.

During Third Quarter FY 2017-18, 73% of the reported claims fell into the RBFA category. There were nine closed substantiated complaints and 26 closed unsubstantiated complaints during the reporting period.

By the end of Third Quarter FY 2017-18, RBFA complaints have remained open for 91 days on average, while all other complaint categories remained open for 45 days.

Budget and Fiscal Impacts

Not Applicable.

Benefits and Risks

Not Applicable.

Attachment

Attachment 1: Quarterly Status Report-CalPERS Compliance Activity-Third Quarter FY 2017-18

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