# Integrated Assurance Overview

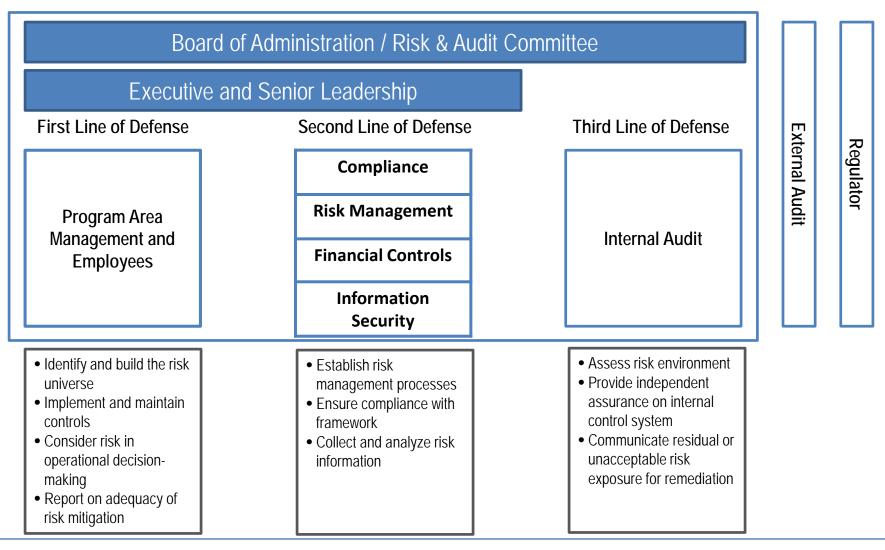
Presented to Risk and Audit Committee November 19, 2019



Enterprise Compliance

1

### **CalPERS Integrated Assurance Model**





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Source: Institute of Internal Auditors; CEB analysis

#### Governance

Governance serves as a guide and sets out rules and operational guidance on how to run an organization.

It applies to what an organization does, how it is done, when it is done, and by whom. Maintain Policy Governance Maintain Delegation of Authority Governance

Design Compliance Policies and Procedures



Based on Gartner Ignition Diagnostic for Compliance & Ethics

Integrated Assurance Overview

### Culture and Ethics

Culture trumps compliance.

# Measure CalPERS Culture

# Promote a Culture of Integrity

Maintain Reporting Channels Intake and Triage Employee Reports

Based on Gartner Ignition Diagnostic for Compliance & Ethics



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### Training and Communication

Compliance departments responsible for ethics must create effective training and communications relevant to their intended audiences.

Develop and Deliver Compliance Training

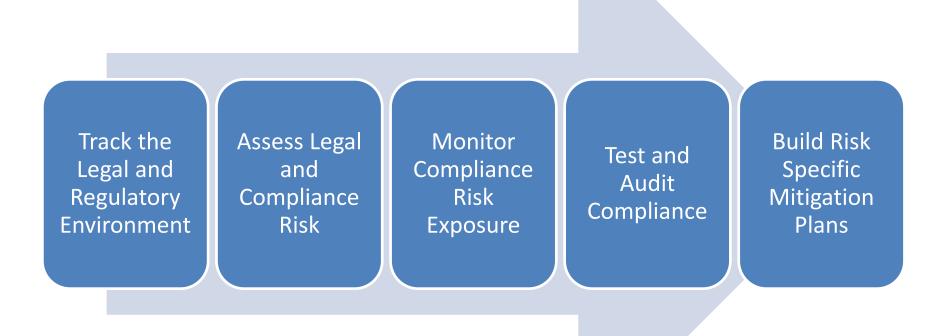
# Measure Training Effectiveness

Based on Gartner Ignition Diagnostic for Compliance & Ethics

Develop and Deliver Communications Content









Based on Gartner Ignition Diagnostic for Compliance & Ethics

#### Integrated Assurance Overview

· CalPERS currently has 910 Board and

Out of 63 statements due in Q1 FY 2019-20, 61

· No statements due during the quarter remain outstanding at the end of Q1 FY 2019-20.

(97%) were submitted timely and 2 (3%) were

Item 5f, Attachment 1, Page 10 of 18

· During Q4 FY 2018-19, 19% (7 of 37) of

closed complaints were substantiated.

· 'Not substantiated' includes complaints that were closed as unsubstantiated, inconclusive, or for insufficient intormation.

· See Pages 17-18 for complaint category

definitions and case status definitions

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# Reporting

The compliance program evaluates the effectiveness of the program through metrics. It benchmarks and reports that information to key stakeholders.

		Page 1 of 1	Q1 FY 2019-29 Statements Due (Board & Employee)					Observations:			
	Enterprise Compliance 2018-19 Mid-Ye	ar Plan Update	Statement Type	Submitted	Submitted	Outstanding	Total Due	<ul> <li>CalPERS of employee</li> </ul>	currently has 9 Form 700 filers		
( <b>0</b> )	Strategic Initiative: Risk Management			Timely	Late	Cuisanung		<ul> <li>Out of 63 s</li> </ul>			
			Assuming Office	30	-	-	30		e submitted tin	mely and 2	
ATUS	INITIATIVES	Q2 UPDATES	Leaving Office	31	2	-	33	not submit			
			Annual Grand Total	- 61	2	-	63		ents due during g at the end of		
•	Manage Third Party Risks Enhance vendor conflict of interest monitoring						U,				
0% 🔳	Maintain Reporting Channels Promote awareness of existing non-retaliation protections	Completed December 2018									
% 🔳	Establish Incentives and Disciplinary Measures Explore adding risk and compliance components into performance plans and evaluations										
	Code of Conduct		Note: San Daca 17 fr	r Statement definition							
50% 🔳	Formalize ethics values, policies, and expectations in a single			Contract of the second							
	document     Include easy-to-understand guidance on high-risk policies     Incorporate learning aids to increase comprehension		A CalPE	RS Enterprise	Compliance						
_	Assess Compliance Risks Partner with the Risk Management Office to establish a	Completed December 2018									
96 🔳	compliance risk assessment process										
	compliance risk assessment process Assess compliance risks at the operational and enterprise level										
			Quarterly Status R	eport – Enterprise	Compliance Ac	tivity - Fourt	th Quarter F	Y 2018-19	Item 5f, Attac	chment 1,	
	Assess compliance risks at the operational and enterprise level				Constant Association			Y 2018-19	Item 5f, Attac	chment 1,	
0%	Assess compliance risks at the operational and enterprise level Build Mitigation Plans for Key Compliance Risks	Dependent upon completing risk assessment		Ipline: Co Compla	mplaints	Close	d	Y 2018-19 rs. Not Substa		chment 1,	
%	Assess compliance risks at the operational and enterprise level Build Mitigation Plans for Key Compliance Risks Use compliance risk assessment to identify key compliance risks Document risk-specific mitigation plans			Ipline: Con Compla	mplaints	Close	d			chment 1,	
% <b>•</b>	Assess compliance risks at the operational and enterprise level Build Mitigation Plans for Key Compliance Risks Use compliance risk assessment to identify key compliance risks	risk assessment	Ethics He	Complai	mplaints	Close	d			chment 1,	
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6	Assess compliance risks at the operational and enterprise level Build Mitigation Plans for Key Compliance Risks Use compliance risk assessment to identify key compliance risks Document risk-specific mitigation plans Measure Organizational Culture Regularly assess employee perceptions of organizational culture Promote a Culture of Integrity Reinforce the importance of ethics in compliance	risk assessment	Ethics He	Complai	mplaints	Close	d			chment 1,	
6	Assess compliance risks at the operational and enterprise level Build Mitigation Plans for Key Compliance Risks Use compliance risk assessment to identify key compliance risks Document risk-specific mitigation plans Measure Organizational Culture Regularly assess employee perceptions of organizational culture Promote a Culture of Integrity	risk assessment	Ethics He	Ipline: Con Compla	mplaints ints Closed	Close I: Substa	d ntiated v	rs. Not Substa	Intiated	-19 May-19	
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Based on Gartner Ignition Diagnostic for Compliance & Ethics



**Enterprise Compliance** 

Quarterly Enterprise Compliance Activity Report - IARC - First Quarter FY 2019-20

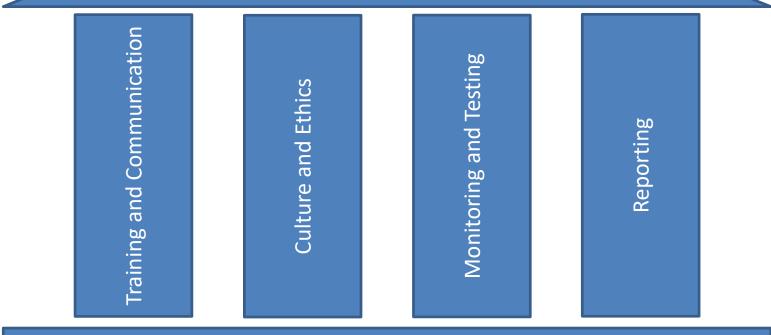
Board & Employee Form 700 Filings

Page 3

## Compliance and Ethics Supports CalPERS Objectives

#### CalPERS Performance Agency Reputation Financial Performance

Operational Excellence<sup>1</sup>



#### Governance



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<sup>1</sup> 10 Truths About Corporate Culture, Gartner, 2017