

Monthly Status Report – Enterprise Compliance Activity

September 2020

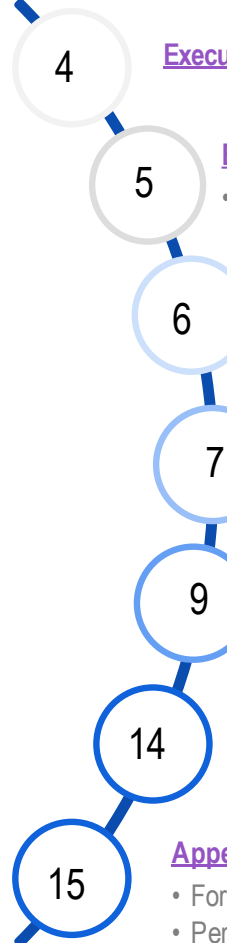
To Be Presented
Risk and Audit Committee
November 2020

Purpose

Provide the Risk and Audit Committee with compliance monitoring and oversight analytics to aid in fulfilling their role in overseeing key compliance and ethics activities.

Table of Contents

Page



4	<u>Executive Summary</u>
5	<u>Board and Employee Form 700 Filings</u> <ul style="list-style-type: none">• Filing status of Board Members and employees required to file Statements of Economic Interests – Form 700, mandated by the CalPERS – Conflict of Interest Code
6	<u>Consultant Form 700 Filings</u> <ul style="list-style-type: none">• Filing status of consultants required to file Statements of Economic Interests – Form 700, mandated by the CalPERS – Conflict of Interest Code
7	<u>Personal Trade Monitoring</u> <ul style="list-style-type: none">• Transactions and violations to CalPERS Personal Trading Regulations
9	<u>Ethics Helpline</u> <ul style="list-style-type: none">• Complaints or reports received through CalPERS Ethics Helpline
14	<u>Training Compliance</u> <ul style="list-style-type: none">• Mandatory Training
15	<u>Appendix</u> <ul style="list-style-type: none">• Form 700 Statement Definitions• Personal Trading Violation Type Definitions• Ethics Helpline: Complaint Category and Case Outcome Definitions

Executive Summary

This report provides activity regarding four components of the Enterprise Compliance program for the month of September 2020. Those components are Form 700 filings, Personal Trading Monitoring, Ethics Helpline Complaints, and Mandatory Training completion rates.

- Of all the board and employee Form 700 filers, 78% were filed timely, one was filed late, and one was outstanding; 100% of consultant Form 700s were filed timely.
- There were two Personal Trading violations for the month.
- There were five ethics complaints received in the month.
- Of the Mandatory New Employee Trainings, 92% were completed on time.

Additional details relating to these compliance activities can be found in pages five through fifteen.

Board & Employee Form 700 Filings

September 2020 Statements Due (Board & Employee)				
Statement Type	Submitted Timely	Submitted Late	Outstanding	Total Due
Assuming Office	5	-	1	6
Leaving Office	2	1	-	3
Grand Total	7	1	1	9

Observations:

- CalPERS currently has 920 Board and employee Form 700 filers.
- Out of nine statements due in September 2020, seven statements (78%) were submitted timely, one statement was submitted late, and one statement was outstanding.

Note:

- See Page 16 for Statement definitions.

Consultant Form 700 Filings

September 2020 Statements Due (Consultant)				
Statement Type	Submitted Timely	Submitted Late	Outstanding	Total Due
Assuming Office	2	-	-	2
Leaving Office	-	-	-	-
Grand Total	2	-	-	2

Observations:

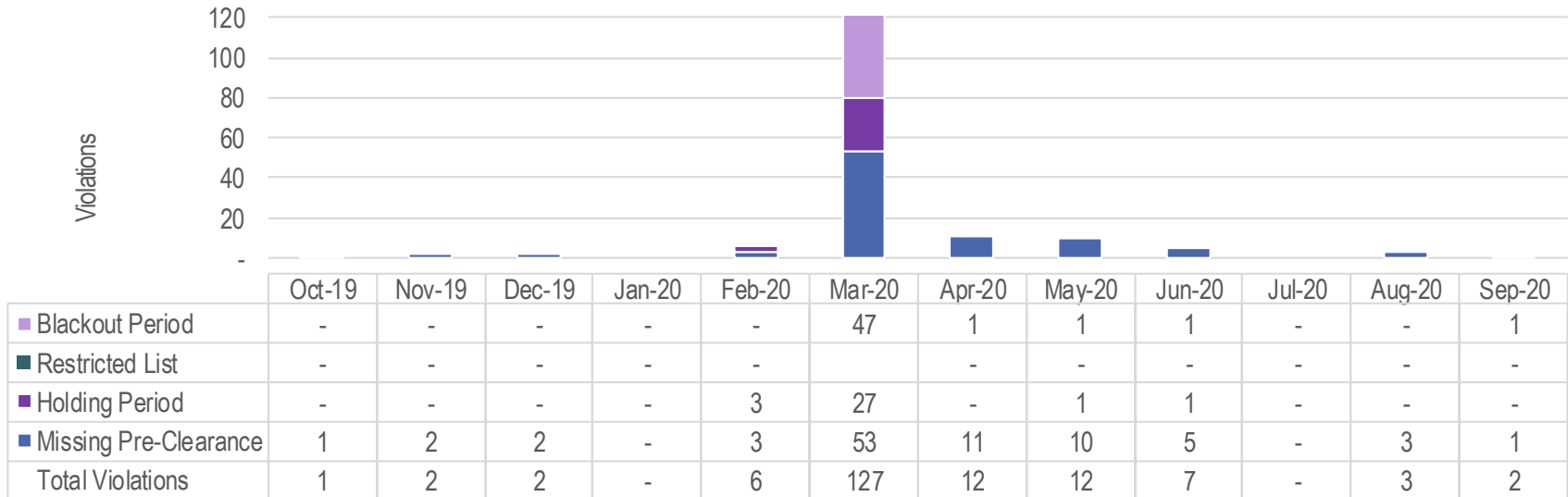
- CalPERS currently has 167 consultant Form 700 filers.
- Out of two statements due in September 2020, two statements were submitted timely (100%).

Note:

- See Page 16 for Statement definitions.

Personal Trade Monitoring: Violations

Personal Trade Monitoring: Violations by Type
10/01/2019 – 09/30/2020



Observations:

- One Covered Person from the General Counsel’s Office failed to pre-clear their transaction, resulting in one Missing Pre-clearance violation and one Blackout Period violation.

Notes:

- See Page 17 for related details.
- Multiple violations can be triggered by a single Covered Person at one time.

Personal Trade Monitoring: Personal Trading Regulation Affirmations

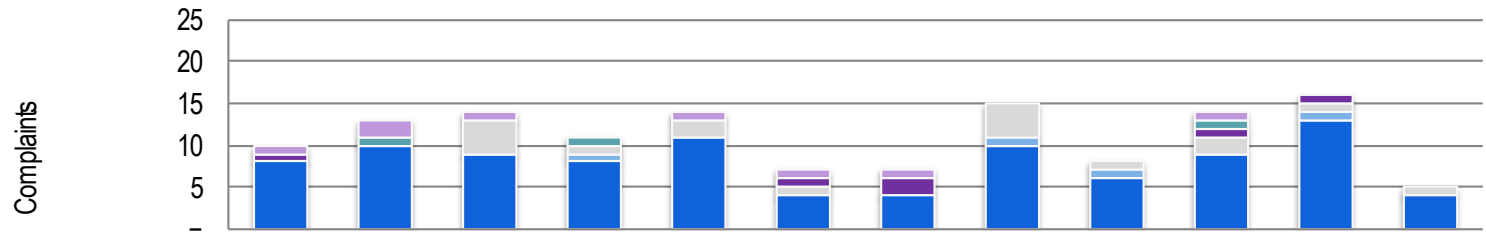
Personal Trading Affirmation / Attestation Report September 2020				
Affirmation Type	Total Due	Submitted Timely	Submitted Late	Outstanding
Initial Personal Trading Affirmations	-	-	-	-
Total	-	-	-	-

Observations:

- There were no Initial Personal Trading Affirmations due in September 2020.

Ethics Helpline: Complaints Received

Ethics Related Complaints Received by Complaint Category



	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20
Other	1	2	1	-	1	1	1	-	-	1	-	-
Accounting, Auditing & Financial Controls	-	1	-	1	-	-	-	-	-	1	-	-
Information Security and Records	1	-	-	-	-	1	2	-	-	1	1	-
HR, Diversity, and Workplace Respect	-	-	4	1	2	1	-	4	1	2	1	1
Business Integrity & Conflicts of Interest	-	-	-	1	-	-	-	1	1	-	1	-
Retirement Benefits Fraud or Abuse	8	10	9	8	11	4	4	10	6	9	13	4
Total	10	13	14	11	14	7	7	15	8	14	16	5

Observations:

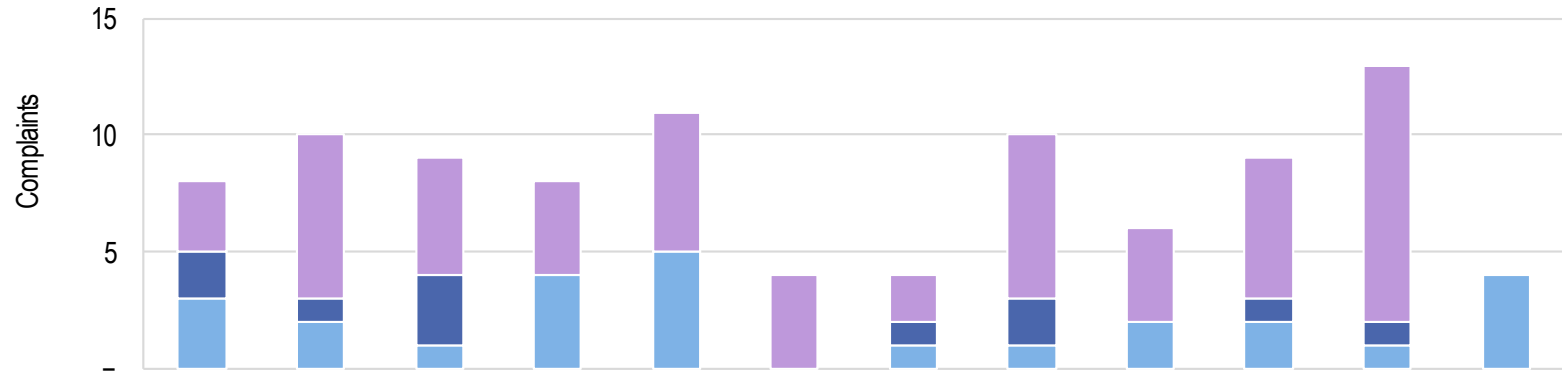
- In September 2020, the number of complaints decreased by 11 (16 to 5) compared to the prior month.
- Of the five ethics related complaints received in September 2020, 80% (4 of 5) fell under the Retirement Benefits Fraud or Abuse category.

Notes:

- Six non-ethics related complaints were received during the reporting period are not represented in the above graph, since they are not ethics related.
- See Page 19 for category descriptions.

Ethics Helpline Retirement Benefit Fraud or Abuse (RBFA) 1-Year Trend

RBFA Complaints Received by Month
10/01/2019 – 09/30/2020



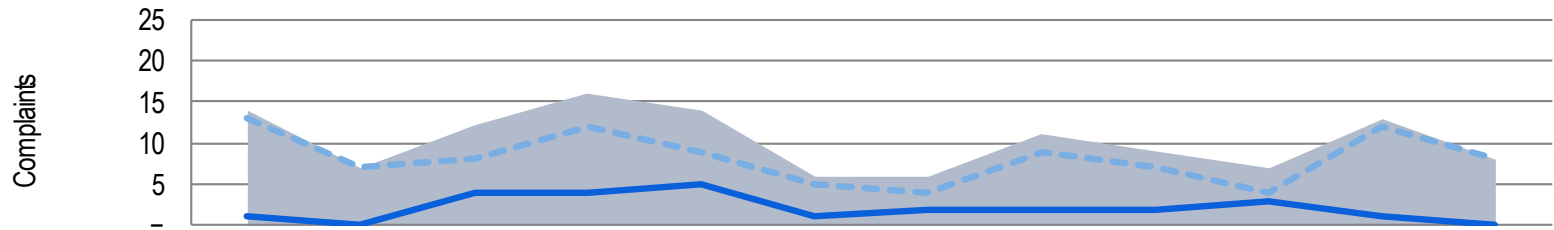
	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20
Public Agency Activities	3	7	5	4	6	4	2	7	4	6	11	-
Pension Spiking	2	1	3	-	-	-	1	2	-	1	1	-
Retired Annuitant	3	2	1	4	5	-	1	1	2	2	1	4
Total	8	10	9	8	11	4	4	10	6	9	13	4

Observation:

- The Retired Annuitant subcategory accounted for 100% (4 of 4) of the RBFA complaints received in September 2020.

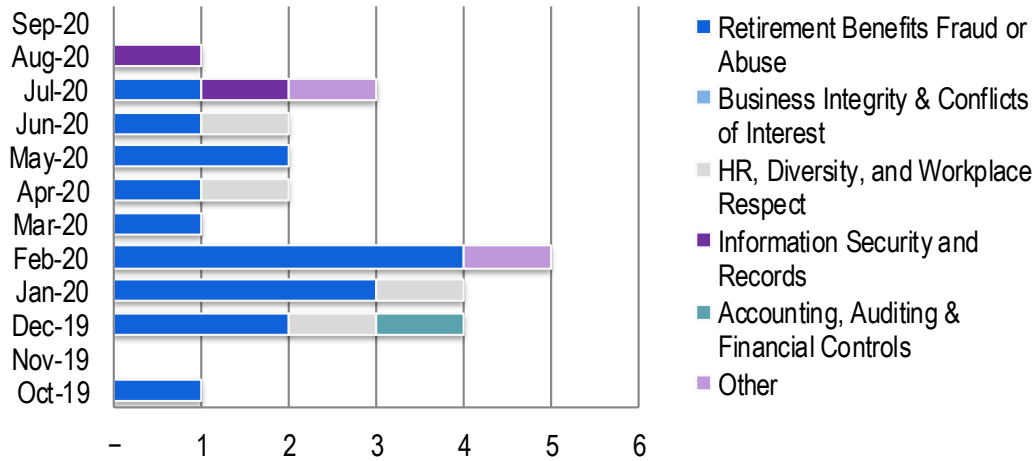
Ethics Helpline: Complaints Closed

Complaints Closed: Substantiated vs. Not Substantiated



	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20
Total	14	7	12	16	14	6	6	11	9	7	13	8
Closed: Substantiated	1	-	4	4	5	1	2	2	2	3	1	-
Closed: Not Substantiated	13	7	8	12	9	5	4	9	7	4	12	8

Substantiated Complaints by Category



Observation:

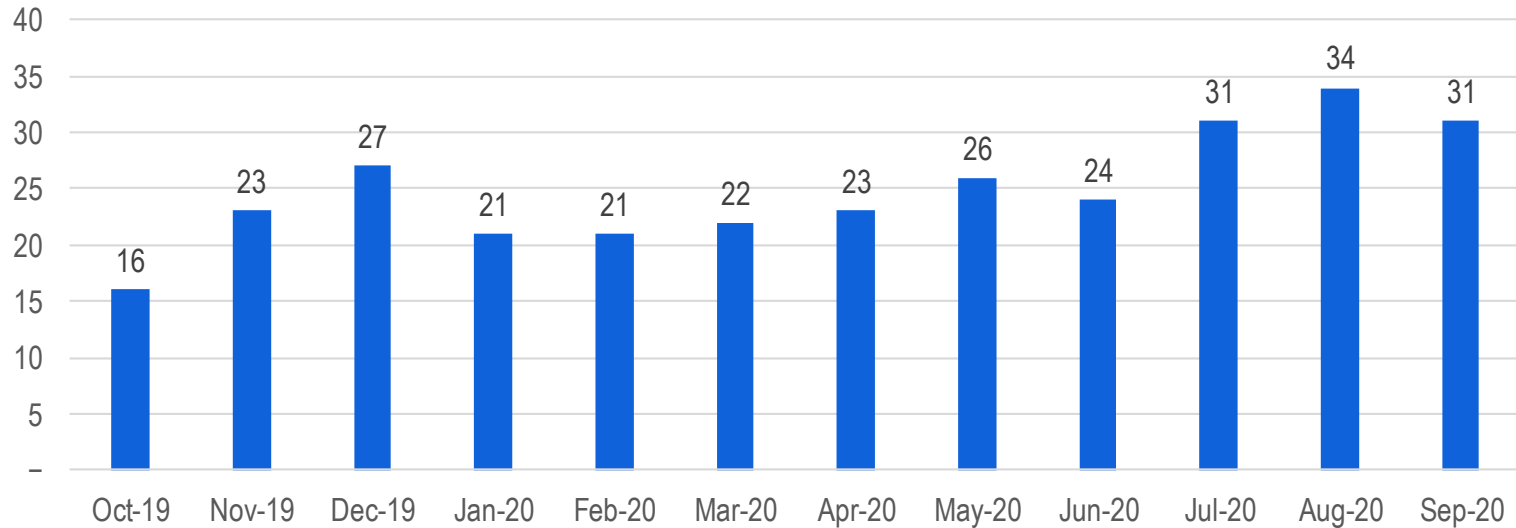
- During the month of September 2020, 100% (8 of 8) of closed complaints were not substantiated.

Notes:

- “Not substantiated” includes complaints that were closed as unsubstantiated, inconclusive, or for insufficient information.

Ethics Helpline: Complaints Open

Complaints Open
10/01/2019 – 09/30/2020



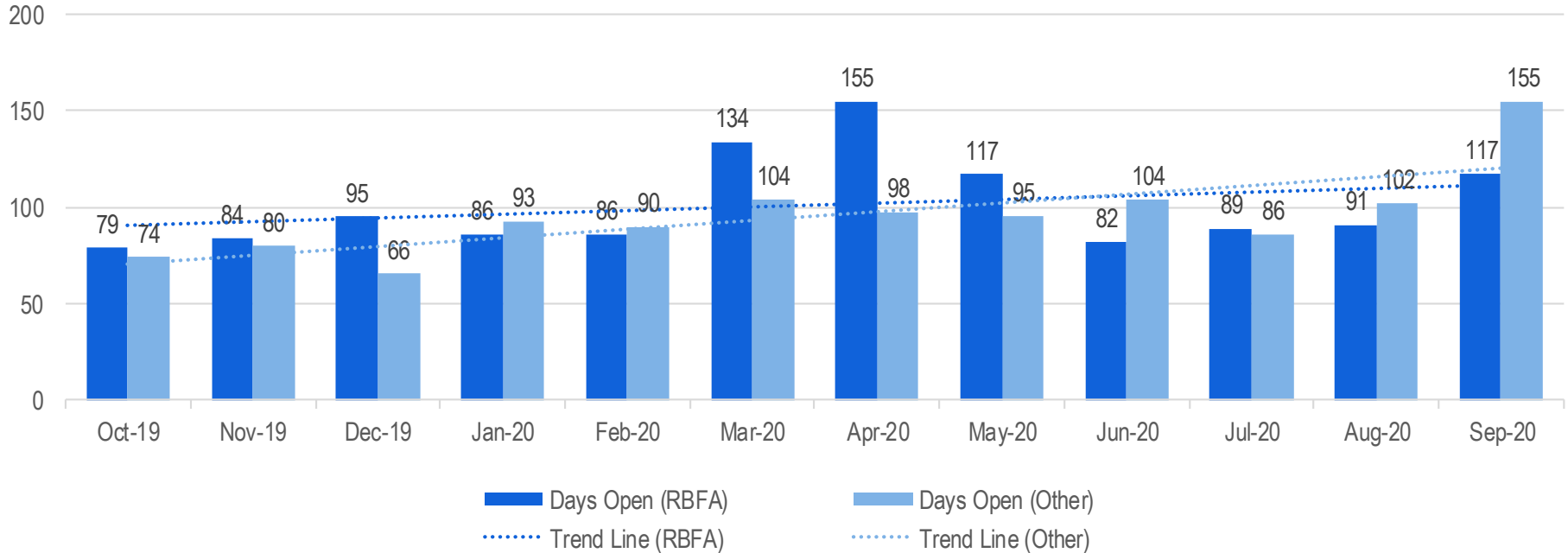
Observation:

- There were 31 open complaints as of 09/30/2020.

Notes:

Ethics Helpline: Average Days Open

Average Days Open
10/01/2019 – 09/30/2020



Observation:

- As of 09/30/20, Retirement Benefit Fraud or Abuse (RBFA) complaints were open for an average of 117 days, while all other complaints were open for an average of 155 days.

Note:

- Retirement Benefits Fraud or Abuse complaints often require research by external agencies, resulting in closure times greater than 30 days.

Training Compliance: New Employee Mandatory Training

Mandatory Training – Due September 2020			
Training Type	Completed	Outstanding	Completion Rate
Mandatory Health Insurance Portability Accountability Act	26	4	87%
Mandatory Information Security Awareness	8	1	89%
Mandatory Acceptable Use Policy	25	1	96%
Mandatory Workplace Violence Prevention	34	1	97%
Mandatory Harassment Prevention for Team Members	31	1	97%
Mandatory Harassment Prevention for Team Leaders	2	3	40%
Mandatory Gift Policy Attestation	7	1	88%
ISOF Cybersecurity Training	23	3	88%
ISOF Privacy Training	12	0	100%
Total	165	15	92%

Observation:

- New employees completed 92% (165 of 180) of the assigned mandatory training courses due September 2020.

Notes:

- *Completion rates are calculated based on all active team members required to take each mandatory training. Team members on an official leave of absence and retired team members who have separated are not included in the calculation.*

Appendix - Additional Information

- Form 700 Statement Definitions
- Personal Trade Violation Type Definitions
- Ethics Helpline Complaint Category Definitions
- Ethics Helpline Case Outcome Definitions

Form 700 Statement Definitions

Statement Type

Annual: Form 700 statement that is due on April 1st (or the following Monday if April 1st falls on a weekend).

Assuming Office: Form 700 statement that is due within 30 days of assuming office.

Leaving Office: Form 700 statement that is due within 30 days of leaving office.

Statement Status

Submitted Timely: Form 700 statements submitted within the due date.

Submitted Late: Form 700 statements submitted after the due date.

Outstanding: Unsubmitted Form 700 statements after the due date has passed.

Note:

- See Pages 5 and 6 for details.

Personal Trading Violation Type Definitions

Blackout Period: Covered Persons are prohibited from buying, selling or transferring Covered Securities during the Blackout Period, which is the three (3) day period of time that commences one market day before and ends one market day after a transaction in Covered Securities by CalPERS.

Holding Period: The 30-calendar-day period between the acquisition and sale, and the 30-calendar-day period between sale and re-acquisition, of a Covered Security.

Missing Pre-Clearance: Covered Persons are required to obtain pre-clearance approval before the purchase, sale or transfer of Covered Securities is executed in a Covered Account, unless the transaction is exempt from the requirement of pre-clearance.

Restricted List: A Restricted List means the list of Covered Securities that identifies companies that CalPERS Employees and/or Board Members have information that may be material non-public.

Note:

- See Page 7 for details.

Ethics Helpline Complaint Category Definitions

In September 2016, ECOM started implementing new, streamlined complaint categories. All Ethics Helpline complaints now fall under one of the following six issue types. These categories were developed with CalPERS’ priorities in mind and to bring our reporting processes in line with established industry standards.

Complaint Categories	Examples of Violations
Accounting, Auditing & Financial Controls	Accounting & Auditing Matters; Compliance with Laws & Regulations; Document Creation & Retention; Fraud (Non-retirement benefits related); Override of Internal Controls; Securities Valuation; Tax Issues
Business Integrity & Conflicts of Interest	Contract Compliance; Foreign Corrupt Practices Act & Improper Payments; Improper Giving & Receiving of Gifts; Insider Trading; Outside Employment & Compensation; Relationships with Clients, Suppliers & Vendors
Human Resources, Diversity & Workplace Respect	Discrimination or Harassment; EEOC or ADA Matters; Human Resources (HR); Retaliation; Safety, Health & Environment; Sexual Harassment; Workplace Violence
Information Security & Records	Badging & Access Control; Computer, Email & Internet Use; Data Privacy; Disclosure of Confidential Information; Health Insurance Portability & Accountability Act (HIPAA) Violations; Identity Theft
Retirement Benefits Fraud or Abuse	Pension Spiking; Public Agency Activities; Retired Annuitants
Other	Reporting parties can select this issue type if they feel the ethical violation they are reporting doesn't fall under one of the other five categories.

Note:

- See Pages 9 - 13 for details.

Ethics Helpline Case Outcome Definitions

Case Outcome	Definition
Substantiated	The investigation establishes that it is more likely than not that the alleged conduct occurred.
Unsubstantiated	The investigation establishes that it is more likely than not that the alleged conduct did not occur.
Inconclusive	The investigation fails to establish one way or another whether the alleged conduct occurred.
Insufficient Information	Information submitted was not sufficient to initiate investigation.

Note:

- See Page 9 - 13 for details.

Ethics Helpline: Closed Substantiated Case Summary

September 2020

Case Number	Issue Type	Allegation	Finding