

# Monthly Status Report – Enterprise Compliance Activity

March 2022

To Be Presented  
Risk and Audit Committee  
June 2022

## 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.

# Executive Summary

This report provides activity regarding four components of the Enterprise Compliance program for the month of March 2022. 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, 99% were filed timely.
- Of all the Consultant Form 700 filers, 95% were filed timely.
- There was one Personal Trading violation for the month.
- There were eight ethics complaints received in the month.
- Of the Mandatory Employee Trainings, 100% were completed on time.

Additional details relating to these compliance activities can be found in pages 5 through 15.

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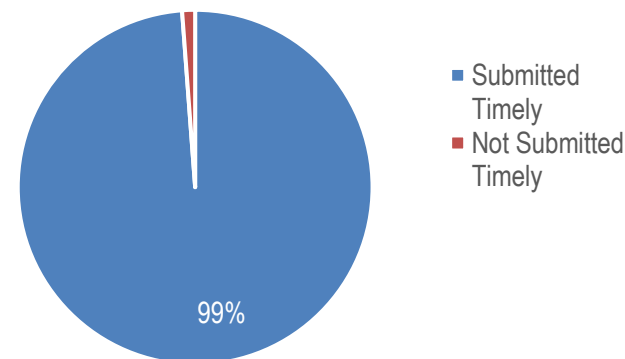
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5	<b><u>Board and Employee Form 700 Filings</u></b> <ul style="list-style-type: none"><li>Filing status of Board Members and employees required to file Statements of Economic Interests – Form 700, mandated by the CalPERS – Conflict of Interest Code</li></ul>
6	<b><u>Consultant Form 700 Filings</u></b> <ul style="list-style-type: none"><li>Filing status of consultants required to file Statements of Economic Interests – Form 700, mandated by the CalPERS – Conflict of Interest Code</li></ul>
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## Board & Employee Form 700 Filings

March 2022 Statement Activity (Board & Employee)					
Statement Type	Submitted Timely	Submitted Late	Outstanding	Referred to FPPC/Filing Obligation Removed	Total
Assuming Office	10	-	-	-	10
Leaving Office	15	2	-	-	17
Annual	397	-	-	-	397
<b>Grand Total</b>	<b>422</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>424</b>

Percent Submitted Timely  
March 2022



### Observations:

- There were 424 Board and Employee statements submitted in March 2022.
- There were no outstanding Board and Employee statements as of 03/31/2022.

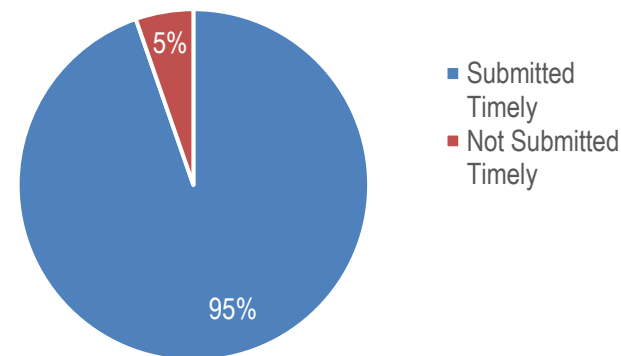
### Notes:

- *Monthly statement activity includes all Form 700 statements submitted during the month, and all outstanding statements.*
- *See Appendix for related details and definitions.*

## Consultant Form 700 Filings

March 2022 Statement Activity (Consultant)					
Statement Type	Submitted Timely	Submitted Late	Outstanding	Referred to FPPC/Filing Obligation Removed	Total
Assuming Office	-	2	-	-	2
Leaving Office	2	3	-	-	5
Annual	87	-	-	-	87
<b>Grand Total</b>	<b>89</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>94</b>

Percent Submitted Timely  
March 2022



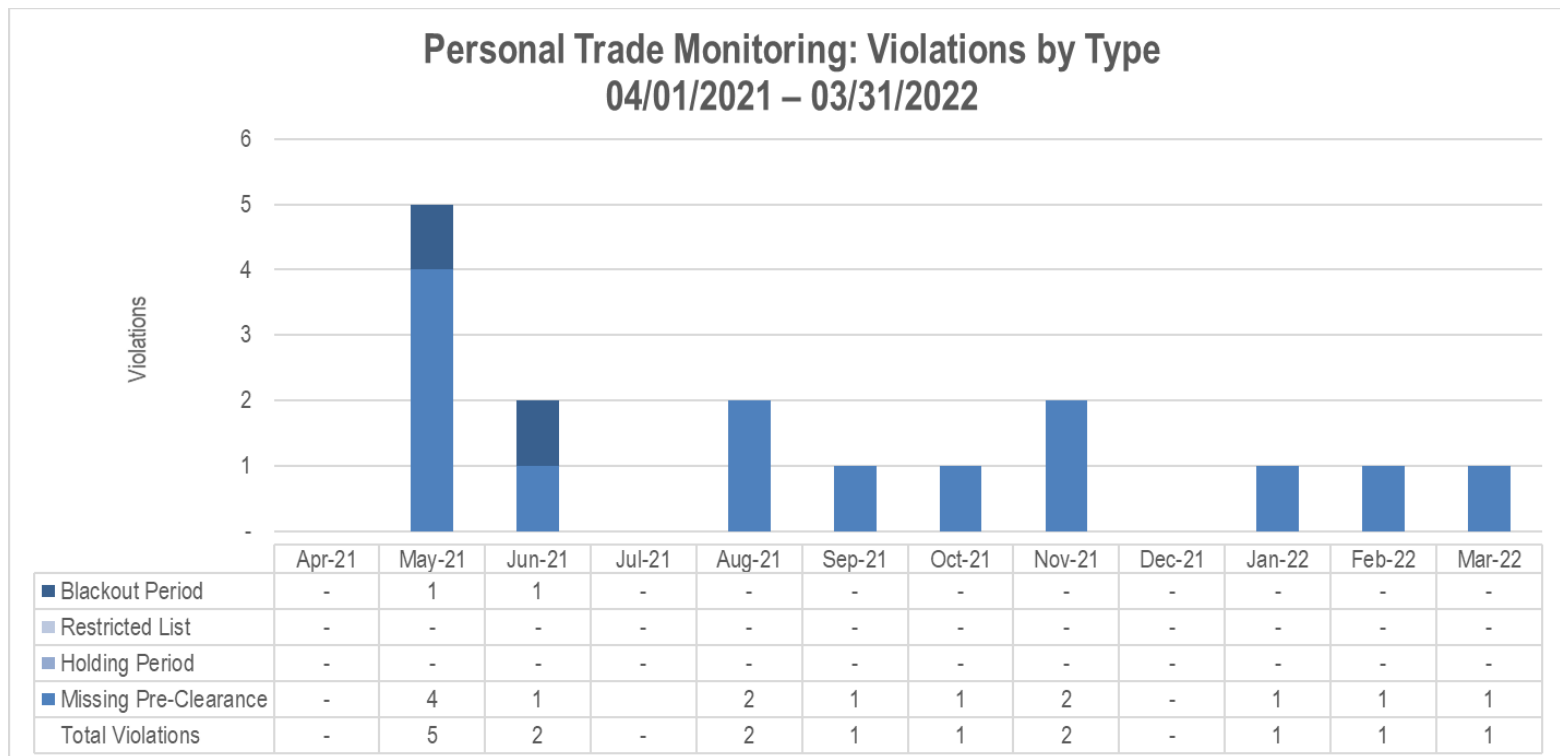
### Observations:

- There were 94 Consultant statements submitted in March 2022.
- There were no outstanding Consultant statements as of 03/31/2022.

### Notes:

- *Monthly statement activity includes all Form 700 statements submitted during the month, and all outstanding statements.*
- *See Appendix for related details and definitions.*

# Personal Trade Monitoring: Violations



**Observation:**

- One Covered Person failed to pre-clear their transaction, resulting in one Missing Pre-clearance violation.

**Notes:**

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

## Personal Trade Monitoring: Personal Trading Affirmations

Personal Trading Affirmation / Attestation Filing Report March 2022				
Affirmation Type	Total Due	Submitted Timely	Submitted Late	Outstanding
Initial Personal Trading Affirmations	3	3	-	-
Annual Managed Account Certifications	24	24	-	-
Annual Personal Trading Affirmations	415	412	-	3
<b>Total</b>	<b>442</b>	<b>439</b>	<b>-</b>	<b>3</b>

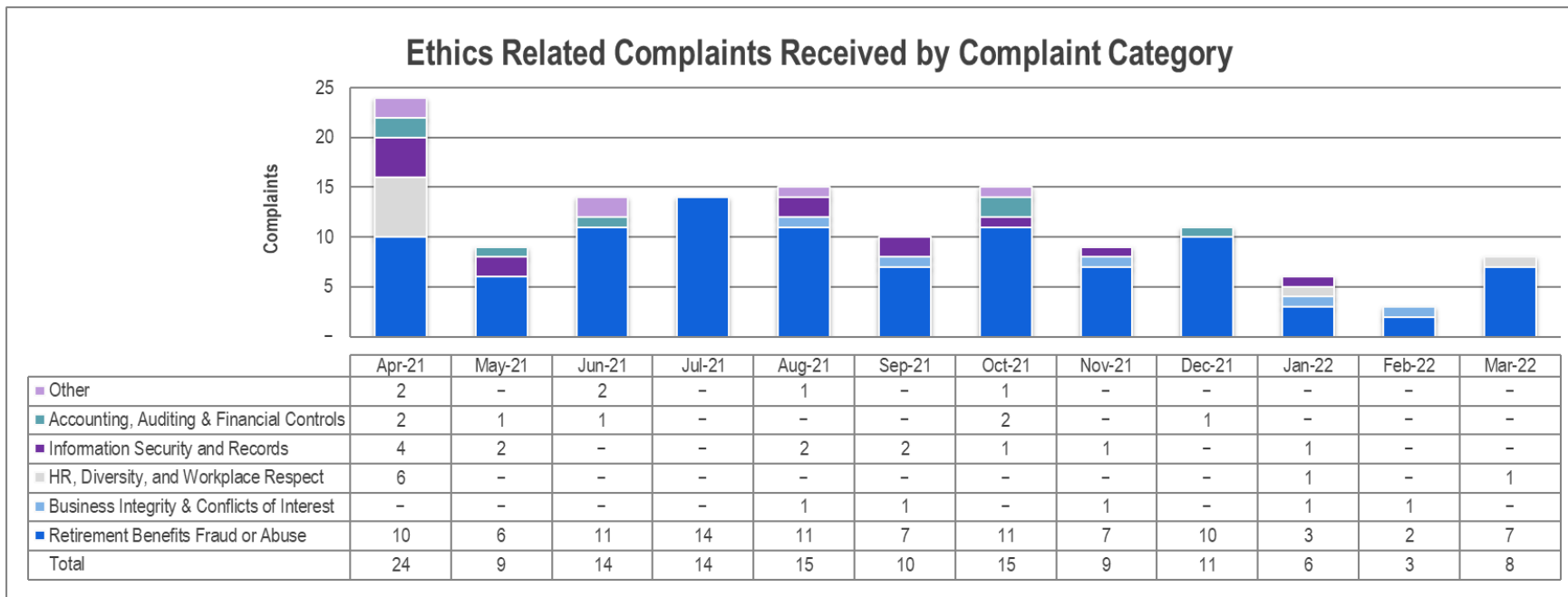
### Observations:

- There were three Initial Personal Trading Affirmations due in March 2022; all were submitted timely.
- There were 24 Annual Managed Account Certifications due in March 2022; all were submitted timely.
- There were 415 Annual Personal Trading Affirmations due in March 2022; 412 were submitted timely.
- There were three outstanding Annual Personal Trading Affirmations in March 2022; all three Covered Persons are on a leave of absence.

**Note:** See Appendix for related details.



# Ethics Helpline: Complaints Received

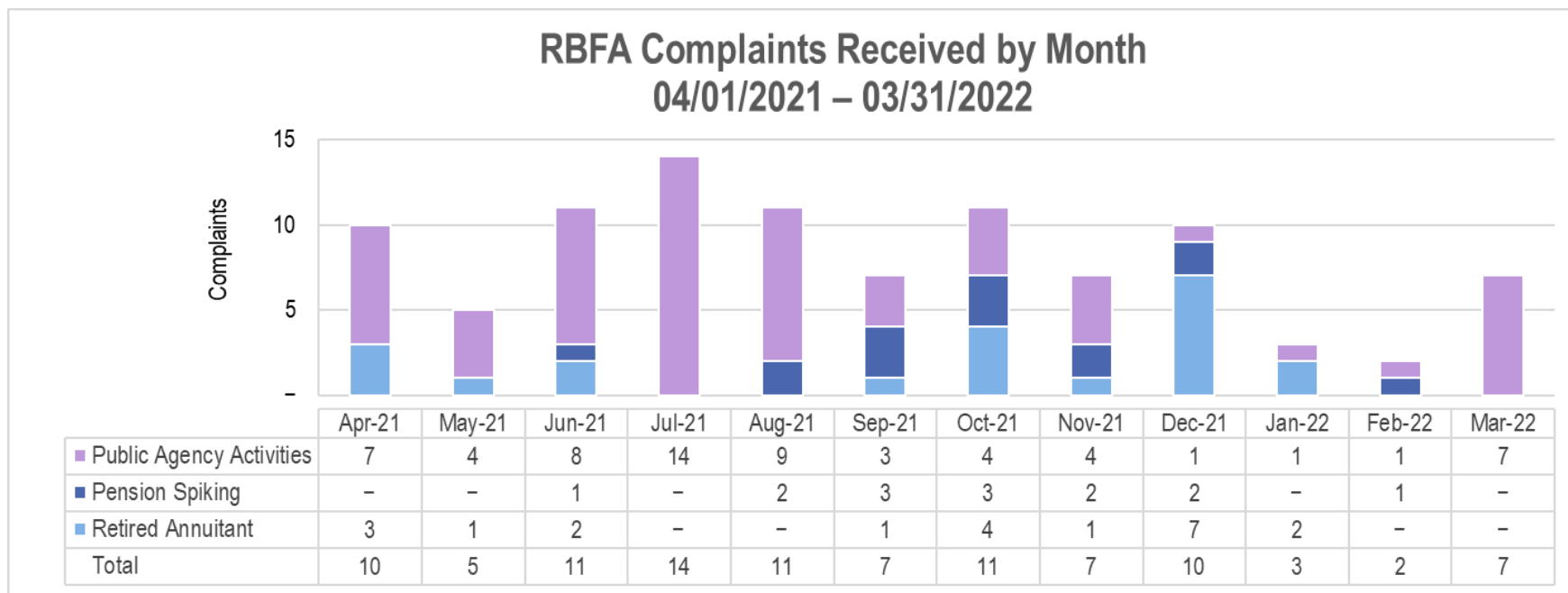


## Observations:

- In March 2022, there were eight new complaints, an increase from the prior month.
- Of the ethics related complaints received in March 2022, 88% (7 of 8) fell under the Retirement Benefits Fraud or Abuse category.
- There were nine non-ethics cases received in March 2022.

**Note:** See Appendix for category descriptions.

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

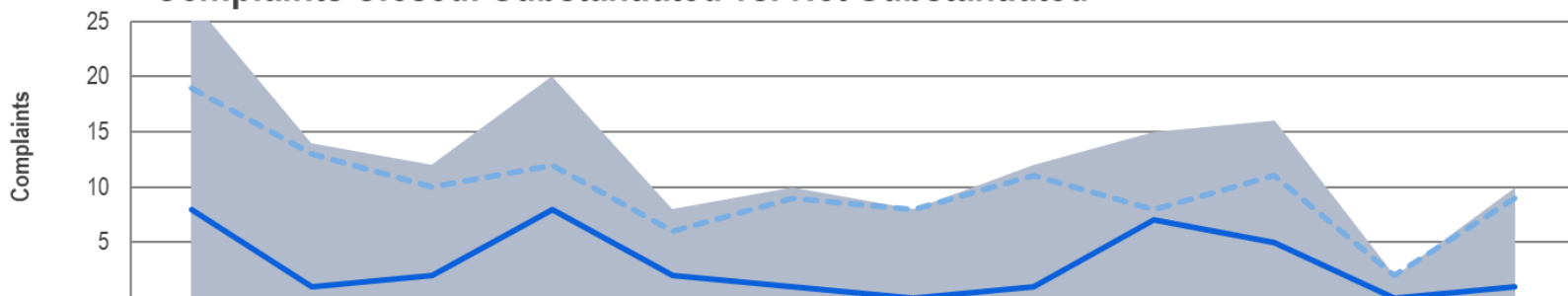


**Observation:**

- The Public Agency Activities subcategory accounted for 100% (7 of 7) of the RBFA complaints received in March 2022.

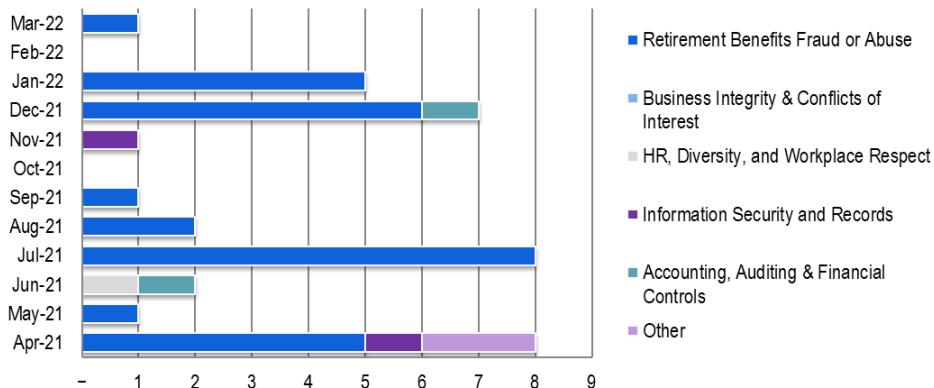
# Ethics Helpline: Complaints Closed

### Complaints Closed: Substantiated vs. Not Substantiated



	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22
Total	27	14	12	20	8	10	8	12	15	16	2	10
Closed: Substantiated	8	1	2	8	2	1	-	1	7	5	-	1
Closed: Not Substantiated	19	13	10	12	6	9	8	11	8	11	2	9

### Substantiated Complaints by Category



### Observation:

- During the month of March, 90% (9 of 10) of closed complaints were not substantiated.

### Notes:

- “Not substantiated” includes complaints that were closed as unsubstantiated, inconclusive, or for insufficient information.
- See Appendix for complaint category definitions and case status definitions.

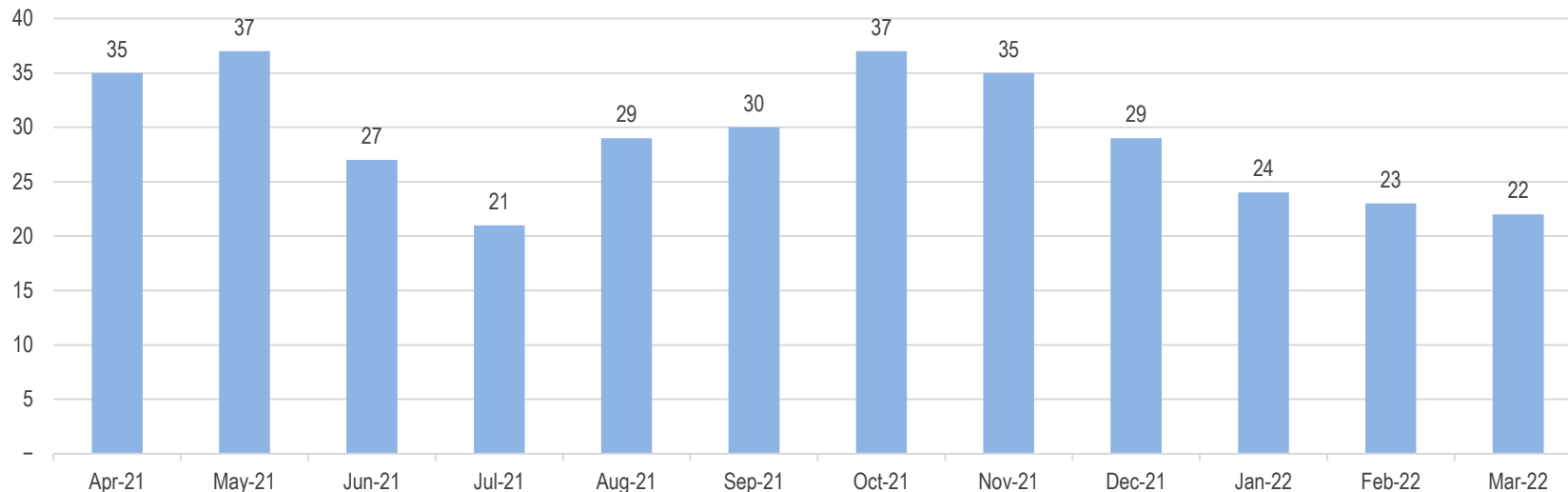
# Ethics Helpline: Summary of Closed Substantiated Complaints

## Closed Substantiated Complaints 03/01/2022 – 03/31/2022

Case Number	Issue Type	Allegation	Finding	Action Taken
2022-1338	Retirement Benefits Fraud or Abuse	The reporting party alleges someone is collecting a CalPERS death benefit they are not entitled to.	A non-beneficiary made a claim on a death benefit; however, the death benefit was released to the correct beneficiary.	Closed: 03/22/2022

## Ethics Helpline: Complaints Open

**Complaints Open**  
**04/01/2021 – 03/31/2022**

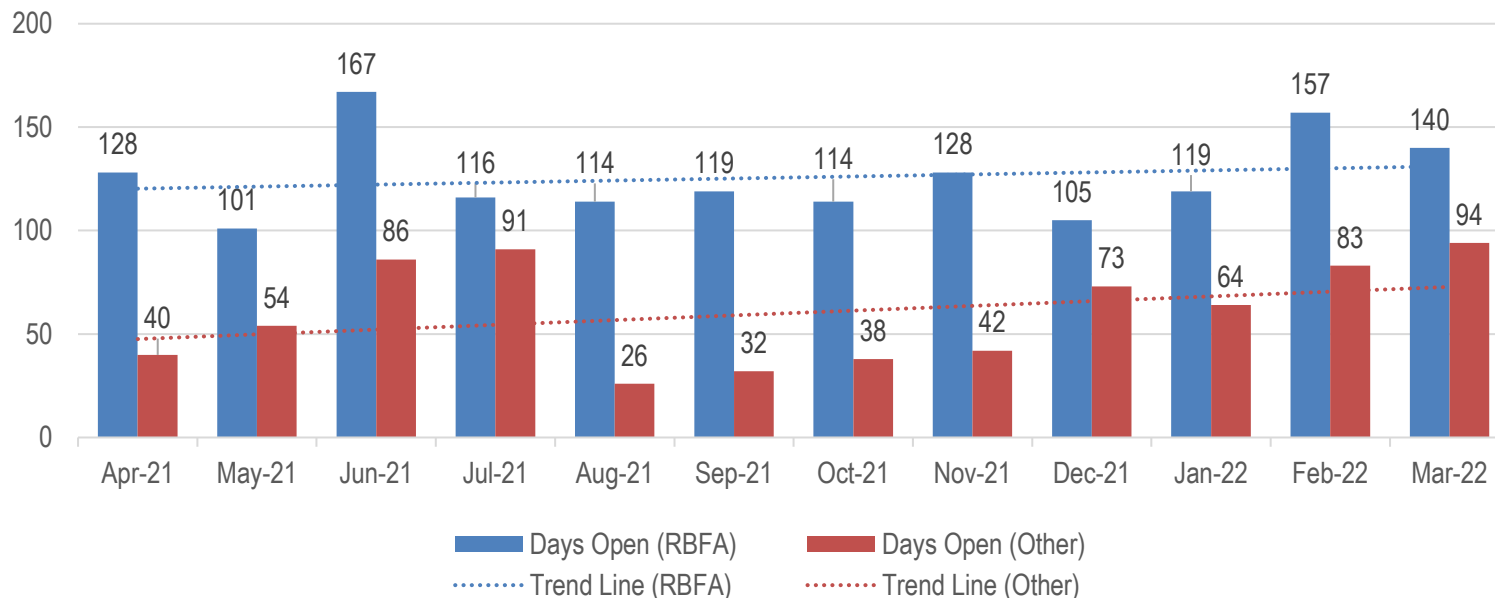


### Observation:

- There were 22 open Ethics Helpline complaints as of 03/31/2022.

# Ethics Helpline: Average Days Open

Average Days Open  
04/01/2021 – 03/31/2022



**Observation:**

- As of 03/31/2022, Retirement Benefits Fraud or Abuse (RBFA) complaints were open for an average of 140 days, while all other complaints were open for an average of 94 days.

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

## Training Compliance: Employee Mandatory Training

Employee Mandated Training – Due March 2022				
Training Type	Completed	Outstanding	Completion Rate	
Acceptable Use Policy	16	-	100%	
CalPERS Personal Trading Regulations	1	-	100%	
Gift Policy Attestation for New Filers	9	-	100%	
Harassment Prevention for Team Leaders	7	-	100%	
Harassment Prevention for Team Members	15	-	100%	
Health Insurance Portability and Accountability Act	14	-	100%	
Information Security and Privacy	17	-	100%	
Workplace Violence Prevention Training	16	-	100%	
COVID-19 Prevention Plan	16	-	100%	
AG Ethics	10	-	100%	
<b>Total</b>	<b>121</b>	<b>-</b>	<b>100%</b>	

### Observation:

- Employees completed 100% (121 of 121) of assigned mandatory training courses due in March 2022.

### Notes:

- *Mandatory training is due within 30 days of a new employee’s start date.*
- *Annual enterprise-wide mandatory training due December 31 is reported separately.*
- *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
- Board and Employee Form 700 Filings: Detail Report
- Consultant Form 700 Filings: Detail Report
- Personal Trading Violation Type Definitions
- Personal Trading Violation Detail Report
- Personal Trading Affirmations Past Due Detail Report
- Ethics Helpline Complaint Category Definitions
- Ethics Helpline Case Status Definitions
- Ethics Helpline Summary of Closed Substantiated Complaints



## 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.

**Referred:** Unsubmitted Form 700 referred to Fair Political Practices Commission (FPPC) for enforcement.

*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

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	<ul style="list-style-type: none"> <li>• Retired Annuitants - Involves retired CalPERS members who work for a CalPERS covered agency post retirement.</li> <li>• Pension Spiking - Involves situations where a CalPERS covered employer inflates the compensation of an employee in the years immediately preceding retirement for the purpose of increasing their monthly retirement allowance.</li> <li>• Public Agency Activities - Refers to a CalPERS public agency's failure to bring a qualified employee into CalPERS membership or any other allegations that do not fit either of the other subtypes.</li> </ul>
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 9-11 for details.

## Ethics Helpline Case Status Definitions

Case Status	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 11 for details.