Quarterly Enterprise Compliance Activity Report

Fourth Quarter FY 2015 – 16

Presented to
Risk and Audit Committee
September 20, 2016

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Purpose

To provide the Risk and Audit Committee with compliance activity information in order to fulfill their role of overseeing and monitoring enterprise program and policy compliance.

Summary

Slide	Functional Area	Description	Results in Brief
4	**Conflict of Interest – Form 700 Assuming/Leaving Office Statements**	• Report on the filing status of Statements of Economic Interests - Form 700 mandated to be filed upon assuming or leaving office by CalPERS Conflict of Interest Code	• 6 Past Due AO/LO Statements • 30 A/Os filed • 28 L/Os filed
5	**Mandated Training**	• Reporting of past due certifications/trainings mandated by law, policy, or regulation	• 99.3% completion rate for all mandated training as of June 30, 2016 [1]
6 – 7	**Policy Management**	• New and revised policies reviewed by ECOM	• 27 reviewed • 20 pending review
8 – 10	**Personal Trade Monitoring**	• Transactions and exceptions to CalPERS Personal Trading Regulations captured within Schwab Compliance Technologies	• 6,537 total transactions • 23 exceptions identified

[1] Health Insurance Portability and Accountability Act, Information Security Awareness, and Working Values mandated training were due by June 30, 2016. At that time, 99.3% of staff had completed these trainings. As of September 5, 2016, 9 staff remain outstanding bringing the completion rate to 99.8%. Efforts are continuing to bring the remaining 9 staff into compliance.

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Conflict of Interest Code – Form 700 Staff Filings

Assuming / Leaving Office Statements Form 700 Staff Filings Status (Excluding consultants and Board)			
Certifications	Required By	# Past Due	# Filed
Form 700 Assuming Office	• Government Code § 18722	1	30
Form 700 Leaving Office	• Government Code § 18722	5	28

ECOM Observations:

- Assuming Office and Leaving Office statements are due within 30 days of assuming or leaving office. Statements are considered past due if they are not timely filed within this timeframe.
- 1st & 2nd Non-Filer Notifications have been sent as appropriate to all past due Leaving Office filers. These individuals are no longer with CalPERS.
- Posted Form 700s can be viewed at the following link: CalPERS Transparency and Accountability.

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Mandated Training

Due Date	Training	Required By	# of Staff Past Due (as of 6/30/2016)
12/31 (Biennial)	Sexual Harassment Prevention Training (Managers & Supervisors)	• Government Code § 19995.4(b) • AB 2053	0
12/31 (Biennial)	Sexual Harassment Prevention Training (Staff)	• Government Code § 19995.4(b) • AB 2054	0
12/31 (Biennial)	Workplace Violence Prevention	• Workplace Violence Prevention Policy	0
06/30 (Annual)	Health Insurance Portability and Accountability Act	• HIPAA Staff Training Policy	20
06/30 (Annual)	Information Security Awareness	• Awareness and Training Policy	21
06/30 (Annual)	Working Values: Ethical Decision Making	• Management Initiative	20
Varies	CalPERS Ethics Training for Form 700/FPPC Filers	• Government Code § 11146.1	0
Varies	CalPERS Contracting Process: Delegated Authority (Executives & Division Chiefs)	• CalPERS Board of Administration Contract Activity Reporting Policy	*

ECOM Observations:

Health Insurance Portability and Accountability Act, Information Security Awareness, and Working Values mandated training were due by June 30, 2016. At that time, 99.3% of staff had completed these trainings. As of September 5, 2016, 9 staff remain outstanding bringing the completion rate to 99.8%. Efforts are continuing to bring the remaining 9 staff into compliance.

* Reporting initiative targeted for 2016-17.

Policy Management

Action	Status	Policy Title	Policy Category
New	In Progress	Compliance Policy	Board-Approved
New	In Progress	Discrimination Prevention Policy	Staff
New	In Progress	Enterprise Public Agency Contract Termination Policy	Board-Approved
New	In Progress	External Outreach and Communications Policy	Staff
New	In Progress	Fiduciary Liability Self-Insurance Program Coverage	Board-Approved
New	In Progress	Travel Policy	Staff
New	In Progress	Warrant Inclusion Policy	Board-Approved
Revised	In Progress	Actuarial Assumptions Policy	Board-Approved
Revised	In Progress	Actuarial Contribution Allocation Policy	Board-Approved
Revised	In Progress	Board of Administration Contract Activity Reporting	Board-Approved
Revised	In Progress	Board Discharge of Accountability Policy and Resolution	Board
Revised	In Progress	Board Employer Reimbursement Policy	Board
Revised	In Progress	CalPERS Captioning Policy	Staff
Revised	In Progress	CalPERS External Social Media Policy	Staff
Revised	In Progress	CalPERS External Website Policy	Staff
Revised	In Progress	CalPERS Internal Communication Policy	Staff
Revised	In Progress	CalPERS Internal Social Media Policy	Staff
Revised	In Progress	Determining Actuarial Liabilities at Contract Termination Policy	Board-Approved
Revised	In Progress	Ethical Decision-Making Policy	Board-Approved
Revised	In Progress	Material Non-Public Information Policy	Board-Approved
Revised	In Progress	Risk Intelligent Enterprise Management Policy	Board-Approved
Revised	In Progress	Video Usage Policy	Staff
Revised	In Progress	Web Accessibility Policy	Staff

Policy Categories

Board Policy: Governs the Board

Board-Approved Policy: Per delegation of authority, requires Board review or approval

Staff Policy: Affects staff or program administration and requires Executive and/or Chief approval

Project Implementation Activities:

Beginning June 1, 2016, all policies uploaded to CalPERS Intranet were required to meet the new policy framework requirements. Staff educated program areas about the new policy governance and publishing requirements and conducted trainings to policy authors and approvers.

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Policy Management – (continued)

Action	Status	Policy Title	Policy Category
Converted	Converted to Contract	CalPERS Bike Share Usage Policy	Staff
Converted	Converted to Procedures	Confidential Document Destruction Policy	Staff
Converted	Converted to Guidelines	Personal Package Delivery Policy	Staff
Converted	Converted to Guidelines	Suspicious Package/ Envelope Policy	Staff
New	Completed	Budget Policy	Board-Approved
New	Completed	Contract Management Policy	Staff
New	Completed	Funding Risk Mitigation Policy	Board-Approved
New	Completed	Project Management Methodology Policy	Staff
New	Completed	Treasury Management Policy	Board-Approved
Revised	Completed	Actuarial Cost Method Policy	Board
Revised	Completed	Actuarial Amortization Policy	Board-Approved
Revised	Completed	Audit Resolution Policy	Staff
Revised	Completed	CalPERS Badge Card Policy	Staff
Revised	Completed	CalPERS Physical Security Policy	Staff
Revised	Completed	Records Management Policy	Staff

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Personal Trade Monitoring – Personal Trading Regulation Affirmations

| Initial Personal Trading Affirmation - Q4 2015-16	
Initial Personal Trading Affirmation - Distributed in Q4 2015-16	27
Past Due	0
> 30 Days Past Due	0

Q4 2015-16 Transaction Affirmation	
Q4 2015-16 Transaction Affirmation - Distributed in April	87
Past Due	0
> 30 Days Past Due	0

ECOM Observations:

- During the Fourth Quarter, 27 Initial Personal Trading Affirmation were distributed to new employees; 0 are currently past due.
- Quarterly Transaction Affirmations were distributed to 87 Covered Persons with "Paper Statements" accounts in April and were due on May 4, 2016. All are complete, however 5 were submitted late; 1 was submitted 30 or more days late.

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Personal Trade Monitoring – Transactions

Personal Trading Transactions – Q4	
Total # of Transactions	6,537

Transactions by Month

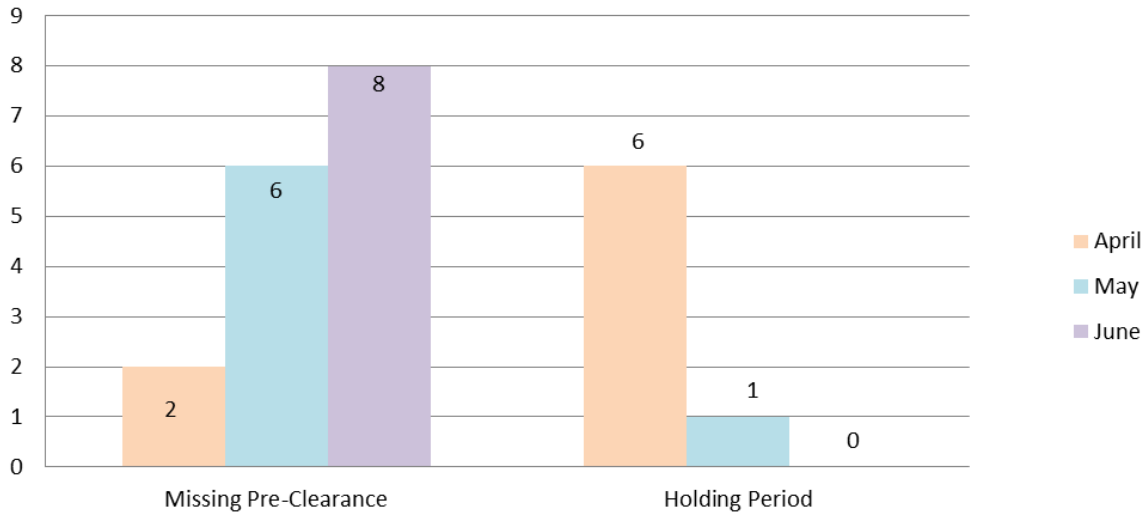- April: 1,888
- May: 1,837
- June: 2,812
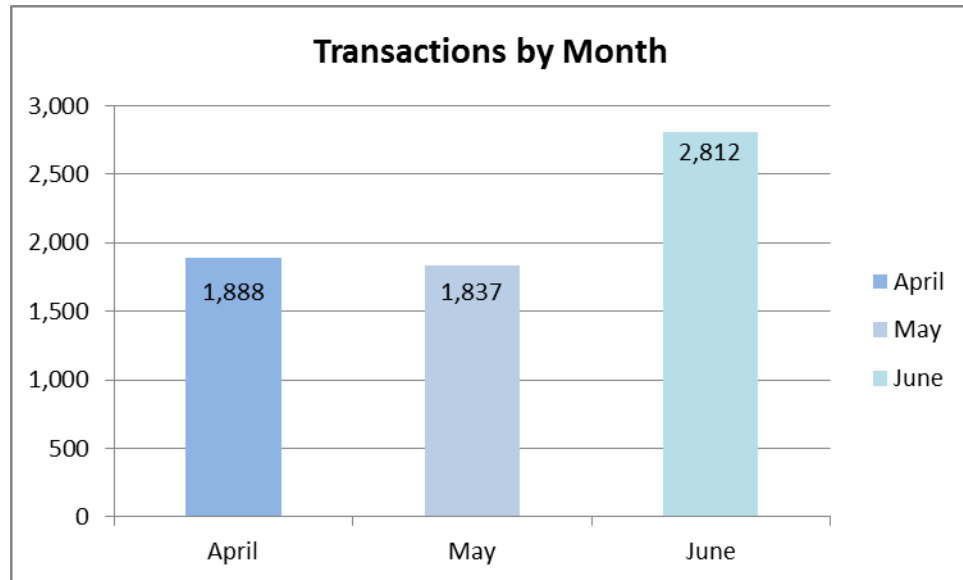
ECOM Observations:

"Total Transactions" includes transactions in non-Covered Securities occurring in Covered Accounts (e.g., cash, open-ended mutual funds, etc.).

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Personal Trade Monitoring – Exceptions

Personal Trading Exceptions – Q4	
Total # of Exceptions	23

Exceptions by Type

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.

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.

ECOM Observations:
ECOM will continue to provide education and training on the Personal Trading Regulations.

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