

Monthly Status Report – Enterprise Compliance Activity

January 2021

To Be Presented:
Risk and Audit Committee
April 2021

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.

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Executive Summary

This report provides activity regarding four components of the Enterprise Compliance program for the month of January 2021. 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, 92% were filed timely.
- Of all the consultant Form 700 filers, 60% were filed timely, four were outstanding.
- There were two Personal Trading violations for the month.
- There were 13 ethics complaints received in the month.
- Of the Mandatory Employee Trainings, 99% were completed on time.

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

Board & Employee Form 700 Filings

January 2021 Statements Due (Board & Employee)				
Statement Type	Submitted Timely	Submitted Late	Outstanding	Total Due
Assuming Office	4	-	-	4
Leaving Office	8	-	1	9
Grand Total	12	-	1	13

Observations:

- CalPERS currently has 903 Board and employee Form 700 filers.
- Out of 13 statements due in January 2021, 12 statements (92%) were submitted timely, one was outstanding.

Note:

- See Page 17 for Statement definitions.

Consultant Form 700 Filings

January 2021 Statements Due (Consultant)				
Statement Type	Submitted Timely	Submitted Late	Outstanding	Total Due
Assuming Office	-	-	-	-
Leaving Office	3	-	2	5
Grand Total	3	-	2	5

Observations:

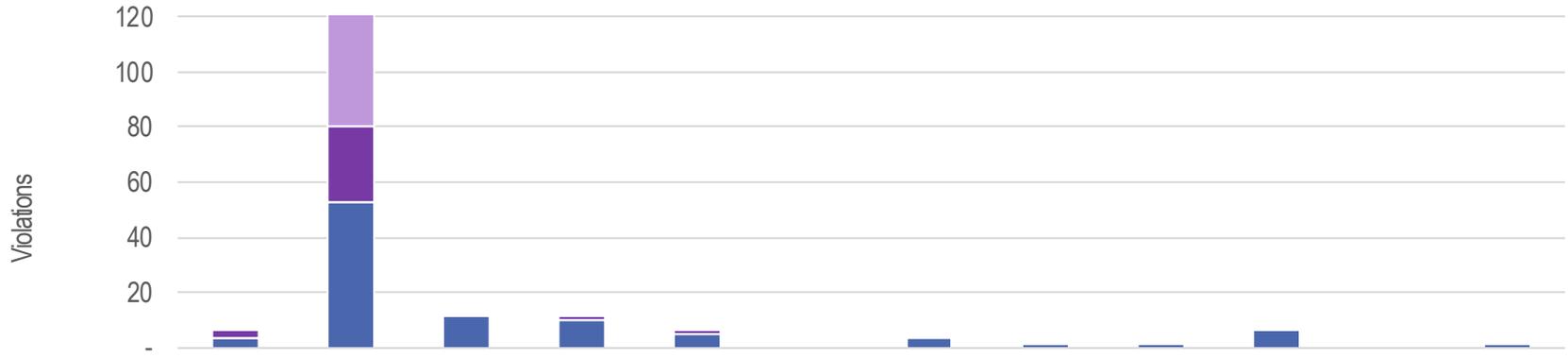
- CalPERS currently has 147 consultant Form 700 filers.
- Out of five statements due in January 2021, three statements (60%) were submitted timely, two were outstanding.

Note:

- See Page 17 for Statement definitions.

Personal Trade Monitoring: Violations

Personal Trade Monitoring: Violations by Type
02/01/2020 – 01/31/2021



	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21
Blackout Period	-	47	1	1	1	-	-	1	-	1	-	-
Restricted List	-	-	-	-	-	-	-	-	-	-	-	-
Holding Period	3	27	-	1	1	-	-	-	-	-	-	1
Missing Pre-Clearance	3	53	11	10	5	-	3	1	1	6	-	1
Total Violations	6	127	12	12	7	-	3	2	1	7	-	2

Observations:

- One Covered Person from the Enterprise Compliance Office failed to pre-clear their transaction, resulting in one Missing Pre-clearance violation and one Holding Period violation.

Notes:

- See Page 18 for related details.
- Multiple violations can be triggered by a single Covered Person at one time..

Personal Trade Monitoring: Personal Trading Regulation Affirmations

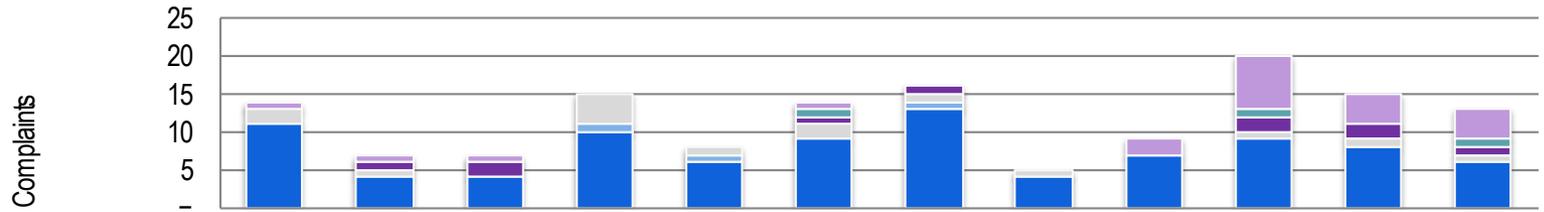
Personal Trading Affirmation / Attestation Report January 2021				
Affirmation Type	Total Due	Submitted Timely	Submitted Late	Outstanding
Initial Personal Trading Affirmations	2	2	-	-
Total	2	2	-	-

Observations:

- There were two Initial Personal Trading Affirmations due in January 2021, which were submitted timely.

Ethics Helpline: Complaints Received

Ethics Related Complaints Received by Complaint Category



	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21
Other	1	1	1	-	-	1	-	-	2	7	4	4
Accounting, Auditing & Financial Controls	-	-	-	-	-	1	-	-	-	1	-	1
Information Security and Records	-	1	2	-	-	1	1	-	-	2	2	1
HR, Diversity, and Workplace Respect	2	1	-	4	1	2	1	1	-	1	1	1
Business Integrity & Conflicts of Interest	-	-	-	1	1	-	1	-	-	-	-	-
Retirement Benefits Fraud or Abuse	11	4	4	10	6	9	13	4	7	9	8	6
Total	14	7	7	15	8	14	16	5	9	20	15	13

Observations:

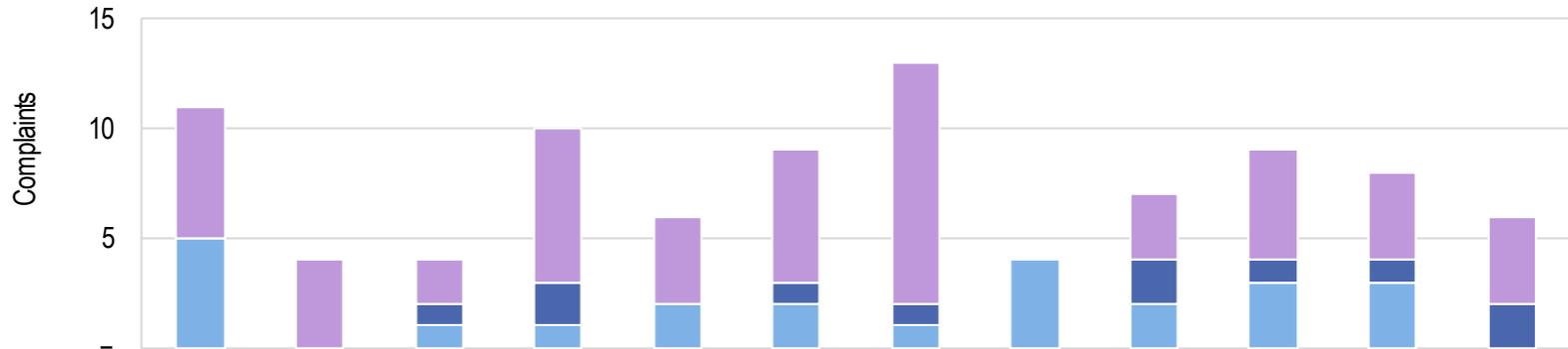
- In January 2021, the number of complaints decreased by 2 (15 to 13) compared to the prior month.
- Of the 13 ethics related complaints received in January 2021, 46% (6 of 13) fell under the Retirement Benefits Fraud or Abuse category.

Notes:

- One 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
02/01/2020 – 01/31/2021



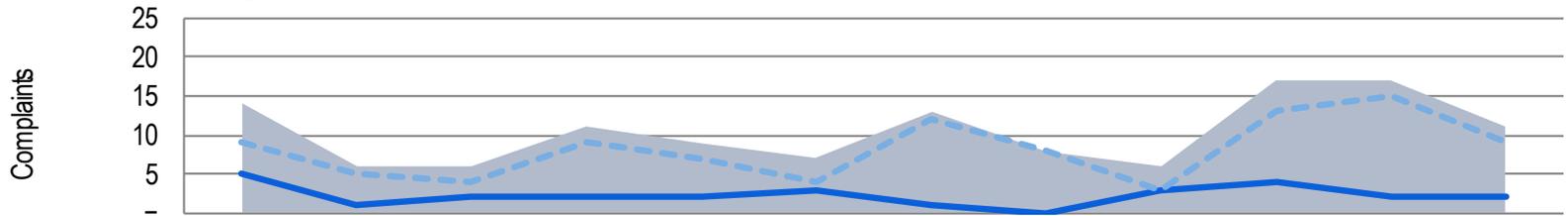
	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21
Public Agency Activities	6	4	2	7	4	6	11	-	3	5	4	4
Pension Spiking	-	-	1	2	-	1	1	-	2	1	1	2
Retired Annuitant	5	-	1	1	2	2	1	4	2	3	3	-
Total	11	4	4	10	6	9	13	4	7	9	8	6

Observation:

- The Public Agency Activities subcategory accounted for 67% (4 of 6) of the RBFA complaints received in January 2021.

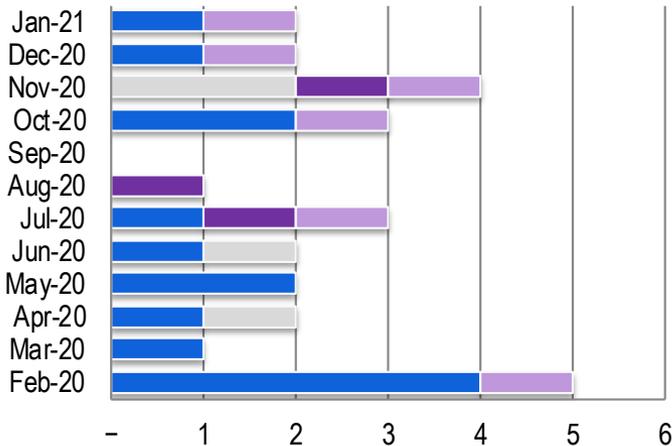
Ethics Helpline: Complaints Closed

Complaints Closed: Substantiated vs. Not Substantiated



	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21
Total	14	6	6	11	9	7	13	8	6	17	17	11
Closed: Substantiated	5	1	2	2	2	3	1	-	3	4	2	2
Closed: Not Substantiated	9	5	4	9	7	4	12	8	3	13	15	9

Substantiated Complaints by Category



- Retirement Benefits Fraud or Abuse
- Business Integrity & Conflicts of Interest
- HR, Diversity, and Workplace Respect
- Information Security and Records
- Accounting, Auditing & Financial Controls
- Other

Observation:

- During the month of January 2021, 82% (9 of 11) of closed complaints were not substantiated.

Notes:

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

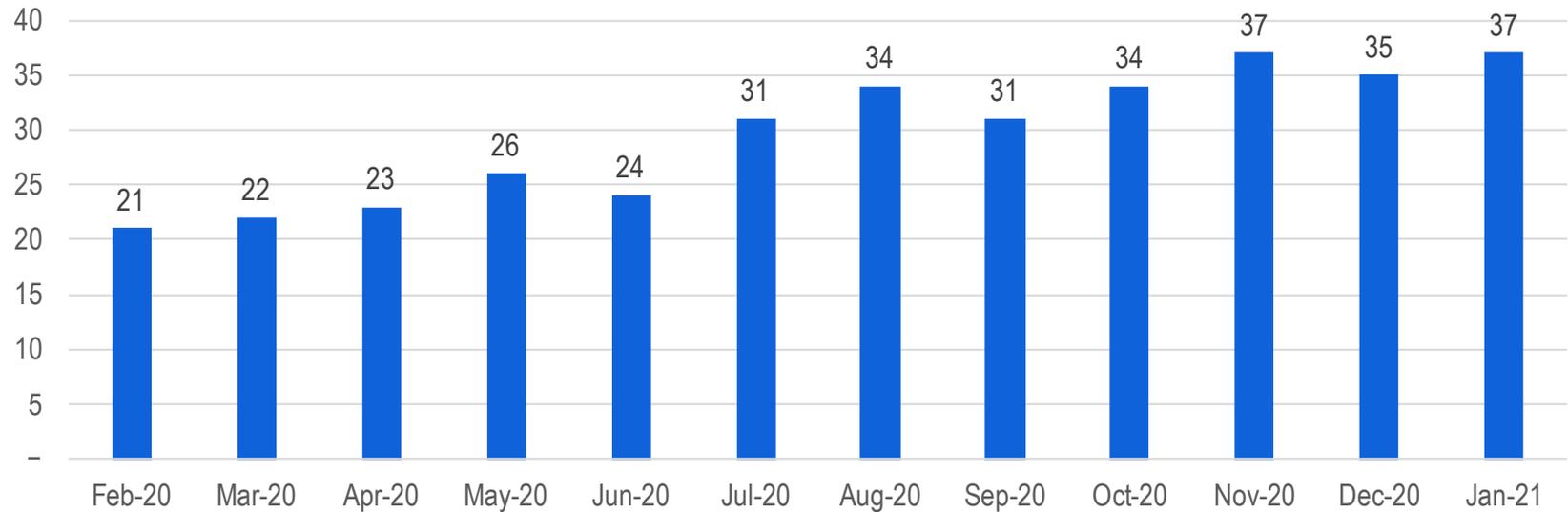
Ethics Helpline Summary of Closed Substantiated Complaints

Closed Substantiated Complaints 1/1/2021 – 1/31/2021

Case Number	Issue Type	Allegation	Finding	Action Taken
2021-1200	Other	The reporting party alleges they cannot get their medications timely because CalPERS cancelled their health insurance.	On 1/19/21, CalPERS reported: Staff contacted member regarding his prescriptions and complaint and resolved the issue.	Closed: 01/19/2021
2021-1196	Retirement Benefits Fraud or Abuse	The reporting party alleges CalPERS is failing to comply with state law and not sending a member's checks to the court appointed conservator.	On 1/29/21, CalPERS reported: Member had multiple benefit streams and conservator was contacted to appropriately update addresses on all benefit payments and to remedy outstanding concerns on cashed warrants.	Closed: 01/29/2021

Ethics Helpline: Complaints Open

Complaints Open
02/01/2020 – 01/31/2021

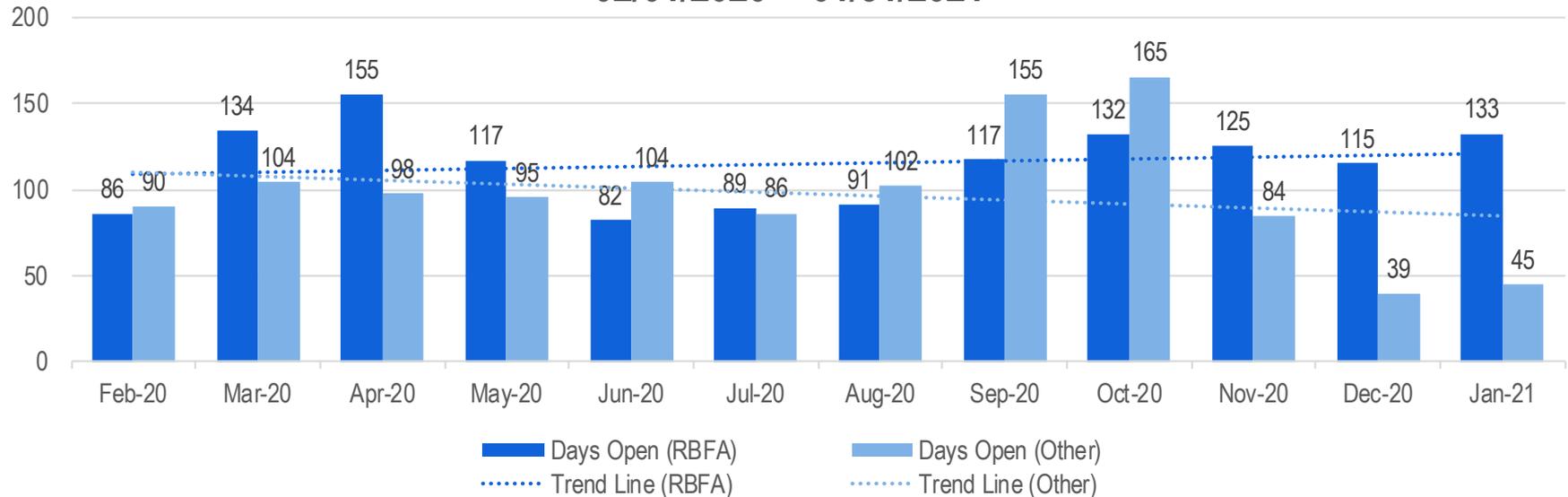


Observation:

- There were 37 open complaints as of 01/31/2021.

Ethics Helpline: Average Days Open

Average Days Open
02/01/2020 – 01/31/2021



Observation:

- As of 01/31/21, Retirement Benefit Fraud or Abuse (RBFA) complaints were open for an average of 133 days, while all other complaints were open for an average of 45 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 January 2021			
Training Type	Completed	Outstanding	Completion Rate
Health Insurance Portability Accountability Act	6	0	100%
ISOF Privacy Training	9	0	100%
Acceptable Use Policy	9	0	100%
Workplace Violence Prevention	9	0	100%
Gift Policy Attestation for New Filers	5	0	100%
Harassment Prevention for Team Members	7	0	100%
Harassment Prevention for Team Leaders	4	1	80%
CalPERS Personal Trading Regulations Training	0	0	100%
ISOF Cybersecurity Training	9	0	100%
AG Ethics Training	2	0	100%
Total	60	1	98%

Observation:

- Employees completed 98.3% (60 of 61) of the assigned mandatory training courses due January 2021.

Notes:

- *Mandatory training is due within 60 days of a new employee’s start date.*
- *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 - 14 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 - 14 for details.